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67044—29

TARIFF ACT OF 1929

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

SEVENTY-FIRST CONGRESS

FIRST SESSION

ON

H. R. 2667

AN ACT TO PROVIDE REVENUE, TO REGULATE
COMMERCE WITH FOREIGN COUNTRIES, TO
ENCOURAGE THE INDUSTRIES OF THE UNITED
STATES, TO PROTECT AMERICAN LABOR, AND
FOR OTHER PURPOSES

VOLUME I

SCHEDULE 1.

CHEMICALS, OILS, AND PAINTS

(With Supplement)

JUNE 14, 15, 17, AND 18, 1929

INDEXED

Printed for the use of the Committee on Finance



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COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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SUBCOMMITTEE OF THE COMMITTEE ON FINANCE

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS

REED SMOOT, Utah, Chairman

DAVID A. REED, Pennsylvania.

WALTER E. EDGE, New Jersey.

WILLIAM H. KING, Utah.

ALBEN W. BARKLEY, Kentucky.

FOREWORD

Under authority of Senate Resolution 335, Seventieth Congress, second session, the United States Senate Finance Committee, for the purpose of investigating the effects of the operation of the tariff act of 1922 and the proposed readjustments as set out in House bill 2667, commenced general tariff hearings on June 13, 1929, pursuant to the following public notice authorized by the committee on June 7, 1929:

Dates of hearings and tariff subcommittees

Schedules	Date to commence	Subcommittees
<i>Subcommittee No. 1, room 212 Senate Office Building</i>		
1. Chemicals, oils, and paints.	June 14.....	Smoot, chairman, Reed, Edge, King, and Barkley.
2. Earths, earthenware, and glassware.	June 19.....	Edge, chairman, Smoot, Reed, King, and Barkley.
3. Metals and manufactures of.	June 26.....	Reed, chairman, Smoot, Edge, King, and Barkley.
<i>Subcommittee No. 2, room 312 Senate Office Building</i>		
6. Tobacco and manufactures of.	June 13.....	Shortridge, chairman, Smoot, Watson, Harrison, and Connally.
8. Spirits, wines, and other beverages.	June 14.....	Shortridge, chairman, Smoot, Watson, Harrison, and Connally.
7. Agricultural products and provisions.	June 17.....	Watson, chairman, Smoot, Shortridge, Harrison, and Connally.
5. Sugar, molasses, and manufactures of.	June 26.....	Smoot, chairman, Watson, Shortridge, Harrison, and Connally.
<i>Subcommittee No. 3, room 301 Senate Office Building</i>		
9. Cotton manufactures.....	June 14.....	Bingham, chairman, Greene, Sackett, Simmons, and George.
10. Flax, hemp, jute, and manufactures of.	June 19.....	Greene, chairman, Bingham, Sackett, Simmons, and George.
11. Wool and manufactures of.	June 24.....	Bingham, chairman, Greene, Sackett, Simmons, and George.
12. Silk and silk goods.....	July 1 (2 p. m.)....	Sackett, chairman, Greene, Bingham, Simmons, and George.
13. Rayon manufactures.....	July 8.....	Sackett, chairman, Greene, Bingham, Simmons, and George.
<i>Subcommittee No. 4, room 412 Senate Office Building</i>		
14. Papers and books.....	June 13.....	Deneen, chairman, Couzens, Keyes, Walsh (Mass.), and Thomas (Okla.).
4. Wood and manufactures of.	June 17.....	Couzens, chairman, Deneen, Keyes, Walsh (Mass.), and Thomas (Okla.).
15. Sundries.....	June 25.....	Keyes, chairman, Couzens, Deneen, Walsh (Mass.), and Thomas (Okla.).

NOTE.—Hearings on "Valuation" will be conducted before the full committee June 12. All meetings will commence at 9.30 a. m. unless otherwise noted. Hearings on free list, administrative and miscellaneous provisions will be conducted before full committee at the conclusion of the subcommittee hearings.

Stenographic reports were taken of all testimony presented to the committee. By direction of the committee all witnesses who appeared after the conclusion of the hearings on valuation were to be sworn.

The testimony presented, together with the briefs and other exhibits submitted, is grouped together as far as practicable in the numerical order of the House bill, which has made necessary the abandoning of the sequence of the statements and the order of appearance.

In this consolidated volume, which includes briefs and data filed since the publication of the original print, the arrangement of the testimony has largely been preserved, while the new matter has been arranged by paragraphs in the supplement at the end. The index has necessarily been revised to include this new matter.

ISAAC M. STEWART, *Clerk.*

TARIFF ACT OF 1929

SCHEDULE 1—CHEMICALS, OILS, AND PAINTS

FRIDAY, JUNE 14, 1929.

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

The subcommittee met, pursuant to call, at 9.30 o'clock a. m., in room 212, Senate Office Building, Senator Reed Smoot, presiding.

Present: Senators Smoot (chairman), Edge, and King.

The CHAIRMAN. The subcommittee begins the hearing on Schedule 1, chemicals, oils, and paints. I have a list of witnesses who have made application to be heard, and I desire to ask the witnesses to be very brief indeed. If you have appeared before the Committee on Ways and Means of the House, and have filed with the committee a brief, I do not want it here before this subcommittee, because we have all of that before us already. It will save the time of this subcommittee if witnesses will adhere to that course of action.

I desire to call attention to the conditions existing relative to these hearings.

If we give each person on the list five minutes, and sit from 9.30 a. m. until 12, and from 2 p. m. to 5.30 p. m., we can not get through with these hearings.

I find that all of the witnesses on the list, with the exception of a very few, have already appeared before the House committee. We have that testimony. I also have made an examination of the testimony that has already been given before this subcommittee, and I find that nine-tenths of all that we have heard up to this moment is already, in substance, in the House hearings.

Gentlemen, we should like to give you all the time that you desire, but that is out of the question. It does seem to me, therefore, that if the persons who appeared before the House committee want any further time to answer the bill as it is, without repeating what they said before the House committee, they ought to be able to do it in five minutes.

This morning we will begin and allow only five minutes to a speaker. The subcommittee more than likely can not remain in session this afternoon; and what I should like to have you do this afternoon is for all parties who desire to be heard upon one particular subject—and I see that there are over 30 persons to speak on some of the subjects here—to get together and appoint somebody to speak for that industry. Take olive oil, for instance, or any other subject

that you are here in relation to: If you will do what I suggest, perhaps we can allow some one person to present the views of the industry, particularly in opposition, if there is any opposition, to the House provisions.

Senator King ought to be at another committee this morning.

Senator KING. Two more.

The CHAIRMAN. I mean, at a hearing before another committee, and I ought to be at this moment at the hearing before the agricultural subcommittee. We are trying to get through; so I am going to ask the parties who have appeared before the House committee, if they are satisfied to file an additional brief on the subject, to say so when their names are called. If not, you shall be given five minutes' time to present any additional evidence that you desire, or whatever you may wish to say.

GENERAL STATEMENTS

STATEMENT OF CHESTER H. GRAY, WASHINGTON, D. C., REPRESENTING THE AMERICAN FARM BUREAU FEDERATION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. GRAY. Senators, looking at the printed schedule and noticing the number of paragraphs that I am listed to talk about this morning, you would think that I would occupy much time. But much of what we have had to say on these paragraphs is in the House record. I do not intend to repeat the substance of the House record, and so I am not going to take very much of your time this morning, although there are 10 or 12 paragraphs in Schedule 1 that our people are interested in. May I, for your convenience, group them into four large groups.

The first is the matter of fertilizers, which you will find mostly in paragraphs 1 and 7. Then following that you will find casein in paragraph 19. Then you will find oils and fats scattered through the paragraphs 53 to 58. And finally starches, in paragraphs 86 and 87. So we are interested, members of the committee, in fertilizers, in casein, in the oils and fats, and in starches.

Senator KING. Just one moment. In paragraph 1 you mention fertilizer. What items or commodities in paragraph 1 are embraced within your comprehension of fertilizers?

Mr. GRAY. Phosphoric acid is mentioned in paragraph 1, and so long as it is used for pharmaceutical purposes there is no objection.

Senator KING. That is paragraph 7, I am told, instead of paragraph 1. I was looking at paragraph 1 and did not see this, Mr. Gray. Ammonium carbonate?

Mr. GRAY. Ammonium phosphate, ammonium nitrate, and ammonium sulphate are mentioned in paragraph 1 or paragraph 7.

Senator KING. Ammonium nitrate is in paragraph 7.

Senator SMOOT. In looking up your testimony, Mr. Gray, before the House committee, I find that each and every one that you mentioned here has been pretty well taken care of in your statement before. There are 44 pages of your statement here, and we would like, if possible, to have you confine yourself to statements that are

not in your former testimony of the 44 pages in the House hearing, if you can do that. And just give new matter, because all of this is going to be gone over in detail when we begin to consider the House rates and how they are arrived at.

Senator EDGE. That is the reason we have them before us at this minute.

Senator SMOOT. We want anything new, Mr. Gray, at this time, and not only do I say it to you, but I say it to every other witness. You were not in when I made the statement in the beginning. And if you can do it it would help us greatly, in order to get this bill out for consideration on the floor of the Senate. I have read a great deal of your testimony which you gave, and I do not see how you could have bettered the statement or made it in any more concise form covering the number of subjects you did cover than was covered in the House hearings.

Mr. GRAY. Thank you. We have made what others have called a very exhaustive study of the tariff matter, and I appreciate your comments, Senator Smoot, in so favorable a way. I have no intention here this morning, or in the other hearings, if I may be permitted to come before other subcommittees, of consuming much time. All I hope to do is to condense and summarize the evidence presented. Honestly and frankly I have not much new information on fertilizers and some of these other things. But the House Committee and the House of Representatives did not give us nearly all the attention relative to the rates of duty which we asked.

Senator KING. You mean they did not give you high enough rates?

Mr. GRAY. They did not give us high enough rates on some agricultural products, and they did not give us low enough rates on these fertilizers. We have to approach this question from two points of view so far as our resolutions in the American Farm Bureau Federation are concerned.

On fertilizers I am standing before you and asking that the rates on ammonium phosphate; particularly, on ammonium sulphate and on ammonium nitrate be reduced. In other words, paragraph 7 and paragraph 1 should have attached to them some such language as this, which you will find in the present brief which I am filing:

Provided that all articles specified by name in this paragraph shall be free of duty when imported for fertilizer purposes.

Now when we get to the free list, when your hearings come in July, I shall be required to attach to the so-called guano paragraph in the free list similar language which makes that paragraph dovetail with what we are seeking to accomplish in these two paragraphs.

Senator SMOOT. Mr. Gray, supposing we take your table which you submitted here from the American Farm Bureau Federation on Schedule 1; I notice that you take every item there, and you give the present duty, the proposed duty, principal competing countries, principal port of entry, imports, domestic production, prices and cost data, equivalent ad valorem duty and then your remarks on it. There is not an item, I think, in this whole schedule but what you have covered in this statement.

Mr. GRAY. That is true.

Senator SMOOT. And this statement is exactly what you want, is it?

Mr. GRAY. We have not deviated from that statement. May I explain further? That chart is now before you in definite form, and if I may I will deliver one of them to each of your offices marked out in red pencil relative to the House bill where we have been attended to satisfactorily.

Senator SMOOT. We have that marked in our own books wherever there is a change. We have their change in it.

Senator REED. It would be a convenience if Mr. Gray would do that.

Senator KING. Pardon me, Mr. Gray. The chart that you have just referred to contains the same items and the same language as the chart which is a part of your testimony in the House hearings?

Mr. GRAY. Absolutely. The printed form is from the typewritten form which lies before you. But I have scratched out the items in this which the House bill satisfactorily has disposed of, which are, as you will notice, very few.

Senator KING. The ones in red on your chart indicate the ones that the House dealt with in a manner satisfactory to you?

Mr. GRAY. Yes. And I will deliver that to your offices if you will find it helpful. If not, why we need go no further. I do not want to detract your attention by looking at that now, and neither do I ask it to be printed, because it is in the record, but I have sought to bring it down to date for your convenience.

On casein I will not take up your time, because you will notice on the schedule this morning that several men representing farm organizations other than myself are here to talk in a few minutes on casein. Their program is identically the program of the American Farm Bureau Federation, or you can reverse it—the program of the American Farm Bureau Federation is identically theirs. Whatever they say I stand by. Whatever I say, if I should say anything, they would stand by.

Senator SMOOT. In other words, you would not want to change your testimony found in the hearings on page 9 on casein at all?

Mr. GRAY. Not a bit, not a particle.

Senator EDGE. Then he is not going to go into any detail on it?

Senator SMOOT. It is all here.

Mr. GRAY. On oils and fats, running from paragraph 53 to paragraph 58, my only purpose in arising here is to advise you that we desire to make the most of our arguments on these commodities when we get down to the free list. They are in Schedule 1, they are in Schedule 7, they are in the free list, and it is no use, it seems to me, to split that up into a tri-partite presentation; and we would rather present it all in the free list if it is possible to do so.

Senator EDGE. I heard you mention casein. Have you filed a supplemental brief on casein?

Mr. GRAY. It is incorporated in the brief that I shall file to-day, which is only five or six pages in length.

Senator SMOOT. That is this summary of your statement in the House?

Mr. GRAY. It is nothing but a summarization of what we said on the House side.

Relative to starches, which come in paragraphs 86 and 87, you will notice from the chart which I shall supply you that the House gave us some of the rates we asked for and some they did not give. Dextrines are not adequately attended to. Potato starch was lifted to

OVERSIZE PAGE

At this place in the printed edition of this volume there is an oversize page. It and all other similar pages in the collection are to be found under the heading:

OVERSIZE PAGES



GREENWOOD PUBLISHING CORPORATION, WESTPORT, CONNECTICUT

Summary of information submitted by the American Farm Bureau Federation concerning Schedule 1—Chemicals, oils, and paint

[Portions in italics are items on which the House has acted satisfactorily and no further action is requested]

Paragraph and commodity	Present duty	Proposed duty	Principal competing countries	Principal port of entry	Imports	Domestic production	Prices and cost data
PARAGRAPH 1							
Citric acid.....	17 cents per pound.....	22 cents per pound.....	Italy.....	New York.....	1923, 820,000 pounds; 1927, 117,000 pounds.	1923, 5,689,000 pounds; 1925, 7,598,000 pounds.	1927, average entered value of import per pound; 1927, average value of production, 46 cents per pound; difference per pound.
Lactic acid: Below 30 per cent.....	2 cents per pound.....	3 cents per pound but not less than 45 per cent ad valorem.	do.....	do.....	1923, 33,000 pounds.....		
30 per cent or less than 55 per cent.....	4 cents per pound.....	6 cents per pound but not less than 45 per cent ad valorem.	do.....	do.....	1927, 281,000 pounds; 1923, 84,000 pounds.		1927, average entered value of import per pound; 1928, average price of per cent, light, refined, at New York, 61 1/2 cents per pound; difference, 6 1/4 cents per pound; 1927, average entered value of import per pound; 1928, average domestic price of U. S. P., X, 62 cents per pound.
55 per cent or above.....	9 cents per pound.....	13 1/4 cents per pound, but not less than 45 per cent ad valorem.	do.....	do.....	1927, 202,000 pounds; 1923, 66,000 pounds.		
Phosphoric acid.....	2 cents per pound.....	Free, if imported for fertilizer production; but dutiable for other uses.	do.....	do.....	1927, 637,000 pounds; 1923, 281,000 pounds.		
PARAGRAPH 4							
Amyl alcohol.....	6 cents per pound.....	8 cents per pound.....	Germany.....	New York.....	1927, 4,768 pounds.....		1927, average entered value of import per pound.
Butyl alcohol.....	do.....	do.....	do.....	do.....	1927, 31,751 pounds.....		1927, average entered value of import per pound.
Propyl alcohol.....	do.....	do.....	do.....	do.....	1927, 24,387 pounds.....		1927, average entered value of import per pound.
Fusel oil.....	do.....	do.....	do.....	do.....	1927, 358,000 pounds; also 46,000 pounds free of duty from Philippines.		1917, average entered value of import per pound.
Ethyl alcohol for nonbeverage purposes: Denatured.....	15 cents per proof gallon.....	do.....	Virgin Islands, Germany.	do.....	1927, 3,000 proof gallons; also 162,000 proof gallons free of duty from Virgin Islands.		1927, average entered value of import per gallon; average entered value ports, 67 cents per gallon.
Pure grain.....	do.....	do.....	Germany.....	do.....	1927, 180 proof gallons.....		1927, average entered value of import per proof gallon.
PARAGRAPH 7							
Ammonium chloride.....	1 1/4 cents per pound.....	Free, if imported for fertilizer production, but dutiable for other uses.	do.....	do.....	1927, 12,355,000 pounds.....		
Ammonium nitrate.....	1 cent per pound.....	do.....	Norway, Germany.	do.....	1927, 11,218,000 pounds.....		
Ammonium phosphate.....	1 1/4 cents per pound.....	do.....	do.....	do.....	1927, 231,000 pounds.....		
Ammonium sulphate.....	\$5.60 per ton.....	do.....	Germany.....	Massachusetts.	1927, 17,153 tons.....		
PARAGRAPH 19							
Casein or lactarene.....	2 1/2 cents per pound ¹	8 cents per pound, but not less than 60 per cent ad valorem.	Argentina.....	New York.....	1927, 27,280,000 pounds; 1922, 14,000,000 pounds.	1923, 21,371,000 pounds; 1925, 21,978,000 pounds. ²	1927, average import valuation, 12.5 cents per pound; 1928, average domestic price, 16.7 cents per pound. ³
PARAGRAPH 26							
Urea.....	35 per cent ad valorem.....	Free if imported for fertilizer production, but dutiable for other uses.			1927, 814,000 pounds; 1923, 45,000 pounds.		
PARAGRAPH 38							
Ethyl acetate.....	3 cents per pound.....	9 cents per pound.....			1927, 3,748 pounds; 1923, 27,202 pounds.		
All other aliphatic acid esters of ethyl alcohol.....	25 per cent ad valorem.....	do.....			Not listed separately in import statistics.		
Aliphatic acid esters of the amyl, the butyl, and the propyl alcohols.....	do.....	do.....					
PARAGRAPH 49							
Citrate of lime.....	7 cents per pound.....	12 cents per pound.....	Italy.....	New York.....	1927, 416,000 pounds.....		1927, average entered valuation, 1.5 cents per pound. From 1 1/4 to 2 pounds of acid are required to produce 1 pound of citrate.
PARAGRAPH 53							
Animal oils: Sod oil.....	5 cents per gallon.....	2 cents per pound, but not less than 45 per cent ad valorem.			Included with herring and menhaden oil—1927, 5,228,000 gallons; 1923, 576,000 gallons.		
Herring oil.....	do.....	do.....	Japan, Norway.	do.....	See "Sod oil"		Oils refined at Yesso, and Yokohama by primitive methods.
Menhaden oil.....	do.....	do.....	do.....	do.....	do.....	1927, 30,627,000 pounds; 1923, 55,960,000 pounds.	
Whale oil.....	6 cents per gallon.....	2.7 cents per pound, but not less than 45 per cent ad valorem.	Norway.....	New York.....	1923, 3,975,000 gallons; 1927, 5,299,000 gallons.	1923, 10,097,000 pounds; 1927, 11,406,000 pounds.	1927, average import valuation, 80 cents per gallon; 1928, average domestic price, 80 cents per gallon, refined, winter, 80 cents per gallon.

Summary of information submitted by the American Farm Bureau Federation concerning Schedule 1—Chemicals, oils, and paints

[Portions in italics are items on which the House has acted satisfactorily and no further action is requested]

Proposed duty	Principal competing countries	Principal port of entry	Imports	Domestic production	Prices and cost data	Equivalent per cent ad valorem duty, year 1927	Remarks
Cents per pound.....	Italy.....	New York....	1923, 820,000 pounds; 1927, 117,000 pounds.	1923, 5,689,000 pounds; 1925, 7,598,000 pounds.	1927, average entered value of imports, 24 cents per pound; 1927, average value of domestic production, 46 cents per pound; difference, 22 cents per pound.	65.46	A by-product of the citrus-fruit industry.
Cents per pound but not less than 45 per cent ad valorem.	do.....	do.....	1923, 33,000 pounds.....				
Cents per pound but not less than 45 per cent ad valorem.	do.....	do.....	1927, 281,000 pounds; 1923, 84,000 pounds.		1927, average entered value of imports, 6 cents per pound; 1928, average price of domestic, 44 per cent, light, refined, at New York City 12¼ cents per pound; difference, 6¼ cents per pound.	62.74	Lactic acid may be produced from skimmed milk, buttermilk, sour milk, or from various starches secured from various vegetables or grain products.
Cents per pound, but not less than 45 per cent ad valorem.	do.....	do.....	1927, 202,000 pounds; 1923, 66,000 pounds.		1927, average entered value of imports, 31 cents per pound; 1928, average domestic price at New York of U. S. P., X, 62 cents per pound.	28.62	
Cents per pound, but not less than 45 per cent ad valorem. If imported for fertilizer production; but dutiable for other uses.	do.....	do.....	1927, 637,000 pounds; 1923, 281,000 pounds.			18.92	Can be utilized in fertilizer manufacture, particularly highly concentrated fertilizer, and is now used instead of sulphuric acid in fixation of ammonia.
Cents per pound.....	Germany.....	New York....	1927, 4,768 pounds.....		1927, average entered value of imports, 32 cents per pound.	18.65	Amyl, butyl, propyl, and ethyl alcohols and fusel oil may be produced from grains, molasses, or vegetable starches. Imports of these products, therefore, displace proportionate quantities of agricultural commodities which might otherwise be utilized for producing these alcohols.
do.....	do.....	do.....	1927, 31,751 pounds.....		1927, average entered value of imports, 17 cents per pound.	34.31	
do.....	do.....	do.....	1927, 24,387 pounds.....		1927, average entered value of imports, 21 cents per pound.		
do.....	do.....	do.....	1927, 356,000 pounds; also 46,000 pounds free of duty from Philippines.		1917, average entered value of imports, 15 cents per pound.	39.44	
do.....	Virgin Islands, Germany.	do.....	1927, 3,000 proof gallons; also 162,000 proof gallons free of duty from Virgin Islands.		1927, average entered value of imports, 61 cents per gallon; average entered value of free imports, 67 cents per gallon.	24.04	
do.....	Germany.....	do.....	1927, 180 proof gallons.....		1927, average entered value of imports, \$4.50 per proof gallon.	3.33	
Cents per pound, but not less than 45 per cent ad valorem. If imported for fertilizer production; but dutiable for other uses.	do.....	do.....	1927, 12,355,000 pounds.....			34.93	May be used in production of fertilizer.
do.....	Norway, Germany.	do.....	1927, 11,218,000 pounds.....			24.90	An important fertilizer material.
do.....	do.....	do.....	1927, 231,000 pounds.....			16.91	A fertilizer material.
do.....	Germany.....	Massachusetts.	1927, 17,153 tons.....			12.31	Do.
Cents per pound, but not less than 60 per cent ad valorem.	Argentina.....	New York....	1927, 27,260,000 pounds; 1922, 14,000,000 pounds.	1923, 21,371,000 pounds; 1925, 21,978,000 pounds. ³	1927, average import valuation, 12.8 cents per pound; 1928, average domestic price at New York, 16.7 cents per pound. ³	19.46	A by-product of the dairy industry; production from skimmed milk and buttermilk.
Cents per pound, but not less than 45 per cent ad valorem. If imported for fertilizer production; but dutiable for other uses.	do.....	do.....	1927, 814,000 pounds; 1923, 45,000 pounds.				A fertilizer material.
Cents per pound.....	do.....	do.....	1927, 3,748 pounds; 1923, 27,202 pounds.			23.70	Competes with similar domestic product produced from domestic corn or domestic molasses.
do.....	do.....	do.....	Not listed separately in import statistics.				Do.
do.....	do.....	do.....					Do.
Cents per pound.....	Italy.....	New York....	1927, 416,000 pounds.....		1927, average entered valuation, 11 cents per pound. From 1¼ to 2 pounds of citrate of lime are required to produce 1 pound of citric acid.	62.14	A by-product of the citrus-fruit industry. Duty increased in conformity with proposed increase on citric acid.
Cents per pound, but not less than 45 per cent ad valorem.	do.....	do.....	Included with herring and menhaden oil—1927, 5,228,000 gallons; 1923, 576,000 gallons.			* 15.8	Competitive with domestic wool greases. Close relationship to fish oils.
do.....	Japan, Norway.	do.....	See "Sod oil"		Oils refined at Yesso, and Yokohama, Japan, by primitive methods.	See "Sod oil."	Competitive with various domestic oils and fats.
do.....	do.....	do.....	do.....	1927, 30,627,000 pounds; 1923, 55,960,000 pounds.		do.....	Competitive with linseed oil and dairy products.
Cents per pound, but not less than 45 per cent ad valorem.	Norway.....	New York....	1923, 3,975,000 gallons; 1927, 5,299,000 gallons.	1923, 10,097,000 pounds; 1927, 11,406,000 pounds.	1927, average import valuation, \$0.42 per gallon; 1928, average domestic price, New York, re-	13.37	May be used in lard and butter substitutes. Competitive with domestic lard, butter, and vegetable oils. Used for lubricant; in soaps,

PARAGRAPH 49							
Citrate of lime.....	7 cents per pound.....	12 cents per pound.....	Italy.....	New York.....	1927, 416,000 pounds.....		1927, average entered valuation, pound. From 1½ to 2 pounds of c are required to produce 1 pound
PARAGRAPH 53							
Animal oils:							
Sod oil.....	5 cents per gallon.....	2 cents per pound, but not less than 45 per cent ad valorem.			Included with herring and menhaden oil—1927, 5,228,000 gallons; 1923, 576,000 gallons. See "Sod oil"		
Herring oil.....	do.....	do.....	Japan, Norway, do.....		do.....	1927, 30,627,000 pounds; 1923, 55,960,000 pounds.	Oils refined at Yesso, and Yokohama by primitive methods.
Menhaden oil.....	do.....	do.....			do.....	1923, 10,097,000 pounds; 1927, 11,406,000 pounds.	
Whale oil.....	6 cents per gallon.....	2.7 cents per pound, but not less than 45 per cent ad valorem.	Norway.....	New York.....	1923, 3,975,000 gallons; 1927, 5,299,000 gallons.		1927, average import valuation, \$0.42
Seal oil.....	do.....	2.4 cents per pound, but not less than 45 per cent ad valorem.	do.....	do.....	1927, 629,000 gallons; 1923, 507,000 gallons.		1928, average domestic price, refined, winter, 80 cents per gallon. 1927, average import valuation, 39 lon.
Sperm oil.....	10 cents per gallon.....	2.2 cents per pound, but not less than 45 per cent ad valorem.	do.....	do.....	1927, 265,000 gallons; 1923, 127,000 gallons.	1927, 78,000 pounds; 1923, 1,578,000 pounds.	1927, average import valuation, 36 lon; 1923, average domestic price, (natural f. o. b. New Bedford) gallon.
Fish oils, not specially provided for.	20 per cent ad valorem.....	45 per cent ad valorem.....	do.....	do.....	1927, 93,000 gallons; 1923, 140,000 gallons.		
Crude wool grease.....	½-cent per pound.....	do.....	do.....	do.....	1927, 9,008,000 pounds; 1923, 8,310,000 pounds.		1927, average import valuation, 3 cents 1923 average domestic price at New common, 4½ cents per pound; quoted price, German common York, 4 cents per pound.
Wool grease, not crude, including adepts, lanac, hydrous, and anhydrous.	1 cent per pound.....	do.....	do.....	do.....	1927, 1,917,000 pounds; 1923, 1,121,000 pounds.		1923, average quoted price, New neutral degrass, \$0.07¼ per pound; quoted price, New York German \$0.06¼ per pound.
All animal oils, fats, and greases not specially provided for. All the foregoing animal oils, fats, and greases, when hydrogenated or hardened.	20 per cent ad valorem.....	do.....	do.....	do.....	1927, 145,000 pounds; 1923, 222,000 pounds.		
PARAGRAPH 54							
Oils, expressed or extracted:							
Castor oil.....	3 cents per pound.....	5 cents per pound, but not less than 45 per cent ad valorem.			1927, 18,000 pounds; 1923, 1,019,000 pounds; 1927, 40,400,000 pounds; 1923, 37,382,000 pounds; production was almost entirely from imported castor beans.		
Hempseed oil.....	1½ cents per pound.....	3.9 cents per pound, but not less than 45 per cent ad valorem.					
Linseed or flaxseed oil, raw, boiled, or oxidized.	3.3 cents per pound.....	do.....	United Kingdom, Holland, do.....	New York.....	1926, 1,281,000 gallons; 1923, 5,697,000 gallons.	1927, 776,714,000 pounds; 1923, 653,563,000 pounds.	1927, average import valuation, 77 pound. Cost of production: States, 11.80 cents per pound; cents per pound. 1923, United cents per pound; Holland, 6.37 (Report of U. S. Tariff Committee)
Edible olive oil, in bulk.....	6½ cents per pound.....	16½ cents per pound.....	do.....	do.....			
Olive oil, edible, weighing less than 40 pounds (in containers).	7½ cents per pound.....	17½ cents per pound.....	Italy.....	do.....	1927, 42,260,000 pounds; 1923, 40,824,000 pounds.	All edible olive oil: 1927, 857,000 pounds; 1924, 1,509,000 pounds; 1923, 573,000 pounds. Inedible olive oil: 1927, 26,000 pounds; 1924, 24,000 pounds; 1923, 163 pounds.	
Olive oil, edible, not specially provided for.	6½ cents per pound.....	16½ cents per pound.....	do.....	do.....	1927, 29,587,000 pounds; 1923, 32,752,000 pounds.		
Poppseed oil, raw, boiled, or oxidized.	2 cents per pound.....	3.8 cents per pound, but not less than 45 per cent ad valorem.			1927, 41,000 pounds; 1923, 15,000 pounds.		1927, average import valuation, 19. pound.
Rapeseed oil.....	6 cents per gallon.....	3.7 cents per pound, but not less than 45 per cent ad valorem.	Japan.....	New York.....	1927, 2,563,000 gallons; 1923, 2,124,000 gallons.	1927, none; 1923, 173,000 pounds; 1923, none.	1927, average import valuation, 61. gallon; 1923, average quoted New York, \$1.025 per gallon.
Expressed and extracted oils, not specially provided for. All the foregoing expressed or extracted oils, hydrogenated or hardened.	20 per cent ad valorem.....	45 per cent ad valorem.....			1927, 1,641,000 pounds; 1923, 170,000 pounds.		
PARAGRAPH 55							
Coconut oils.....	2 cents per pound.....	3.6 cents per pound, but not less than 45 per cent ad valorem.	Philippines.....	New York.....	Dutiable: 1927, 38,000 pounds; 1923, 1,209,000 pounds. Free, from Philippine Islands: 1927, 293,369,000 pounds; 1923, 180,699,000 pounds.	Crude oils: 1927, 281,654,000 pounds; 1923, 235,918,000 pounds. Refined oil: 1927, 243,093,000 pounds; 1923, 172,381,000 pounds.	
Cottonseed oil.....	3 cents per pound.....	do.....	United Kingdom and China.....		1927, 394 pounds; 1923, 25,000 pounds.	Crude oil: 1927, 1,806,000,000 pounds; 1921, 1,877,000,000 pounds. Refined oil: 1927, 1,692,000,000 pounds; 1921, 1,185,000,000 pounds.	Quoted prices: 1921, United States, 11. pound; Hull, England, 9.16 cents 1923, United States, 11.35 cents per England, 8.53 cents per pound. Production: 1923-24, United States, 9. pound; Great Britain, 7.848 cents (Jan.-June, 1924); China, 5.618 cents
Peanut oil.....	4 cents per pound.....	5.4 cents per pound but not less than 45 per cent ad valorem.	China.....	Chicago, San Francisco, New York.....	1927, 2,847,000 pounds; 1923, 8,008,000 pounds; 1919, 164,052,000 pounds.	Crude oil: 1927, 10,589,000 pounds; 1923, 8,358,000 pounds; 1919, 87,606,000 pounds. Refined oil: 1927,	Quoted prices: 1923, United States, per pound; Taingtao, China, 7. non

Do.							Do.
cents per pound	Italy	New York	1927, 416,000 pounds.			1927, average entered valuation, 11 cents per pound. From 1 1/4 to 2 pounds of citrate of lime are required to produce 1 pound of citric acid.	62.14 A by-product of the citrus-fruit industry. Duty increased in conformity with proposed increase on citric acid.
cents per pound, but not less than 45 per cent ad valorem.			Included with herring and menhaden oil—1927, 5,228,000 gallons; 1923, 576,000 gallons.				15.8 Competitive with domestic wool greases. Close relationship to fish oils.
Do.	Japan, Norway		See "Sod oil"			Oils refined at Yesso, and Yokohama, Japan, by primitive methods.	See "Sod oil."
Do.	do.		do.	1927, 30,627,000 pounds; 1923, 55,960,000 pounds.			do.
cents per pound, but not less than 45 per cent ad valorem.	Norway	New York	1923, 3,975,000 gallons; 1927, 5,299,000 gallons.			1927, average import valuation, \$0.42 per gallon; 1928, average domestic price, New York, refined, winter, 80 cents per gallon.	13.37 Competitive with domestic lard, butter, and vegetable oils. Used for lubricant; in soaps, candles, leather tanning, and in margarine.
cents per pound, but not less than 45 per cent ad valorem.	do.	do.	1927, 629,000 gallons; 1923, 507,000 gallons.			1927, average import valuation, 39 cents per gallon.	15.04 Competitive with domestic dairy products domestic livestock, and vegetable oils and fats.
cents per pound, but not less than 45 per cent ad valorem.	do.	do.	1927, 265,000 gallons; 1923, 127,000 gallons.	1927, 78,000 pounds; 1923, 1,578,000 pounds.		1927, average import valuation, 36 cents per gallon; 1928, average domestic price, New York (natural f. o. b. New Bedford) 78 cents per gallon.	27.82 Competitive with various domestic oils and fats.
per cent ad valorem	do.	do.	1927, 93,000 gallons; 1923, 140,000 gallons.				Do.
Do.	do.	do.	1927, 9,009,000 pounds; 1923, 8,310,000 pounds.			1927, average import valuation, 3 cents per pound; 1928 average domestic price at New York (degras, common), 4 1/2 cents per pound; 1928, average quoted price, German common degreas, New York, 4 cents per pound.	16.11 Do.
Do.	do.	do.	1927, 1,917,000 pounds; 1923, 1,121,000 pounds.			1928, average quoted price, New York domestic neutral degreas, \$0.07 1/4 per pound; 1928, average quoted price, New York German neutral degreas, \$0.06 1/4 per pound.	18.75 Do.
Do.	do.	do.	1927, 145,000 pounds; 1923, 222,000 pounds.				Do.
cent per pound additional							
cents per pound, but not less than 45 per cent ad valorem.			1927, 18,000 pounds; 1923, 1,019,000 pounds; 1927, 49,400,000 pounds; 1923, 37,382,000 pounds; production was almost entirely from imported castor beans.				6.53 Domestic industry virtually extinguished. Imported oil also competitive with other domestic oils.
cents per pound, but not less than 45 per cent ad valorem.	United Kingdom, Holland	New York	1926, 1,281,000 gallons; 1923, 5,697,000 gallons.	1927, 776,714,000 pounds; 1923, 653,563,000 pounds.		1927, average import valuation, 6 1/2 cents per pound. Cost of production: 1925, United States, 11.86 cents per pound; Holland, 8.83 cents per pound. 1926, United States, 10.30 cents per pound; Holland, 6.37 cents per pound. (Report of U. S. Tariff Committee.)	48.54 Domestic industry virtually extinguished. Used as substitute for linseed oil; also in manufacture of green soft soap. Imports of linseed oil reduce consumption of domestic flaxseed.
cents per pound	do.	do.					
cents per pound	Italy	do.	1927, 42,269,000 pounds; 1923, 40,824,000 pounds.	All edible olive oil: 1927, 857,000 pounds; 1924, 1,509,000 pounds; 1923, 573,000 pounds. Inedible olive oil: 1927, 28,000 pounds; 1924, 24,000 pounds; 1923, 163 pounds.			32.40 Competitive with domestic olive oil.
cents per pound	do.	do.	1927, 29,587,000 pounds; 1923, 32,752,000 pounds.				27.97 Do.
cents per pound, but not less than 45 per cent ad valorem.			1927, 41,000 pounds; 1923, 15,000 pounds.			1927, average import valuation, 10.4 cents per pound.	10.25 Competitive with domestic oils and fats used in manufacture of salad oil, artists' colors, paints, and castile soap.
cents per pound, but not less than 45 per cent ad valorem.	Japan	New York	1927, 2,563,000 gallons; 1923, 2,124,000 gallons.	1927, none; 1926, 173,000 pounds; 1923, none.		1927, average import valuation, 61.7 cents per gallon; 1928, average quoted price, blown, New York, \$1.025 per gallon.	9.72 Used in production of margarine and fat compounds, soap, preparation of steel plates, and as a lubricant. Competitive with domestic vegetable and animal oils, butter, and lard.
per cent ad valorem			1927, 1,641,000 pounds; 1923, 170,000 pounds.				
cent per pound additional							Competitive with domestic vegetable and animal oils, butter, and lard.
cents per pound, but not less than 45 per cent ad valorem.	Philippines	New York	Dutiable: 1927, 38,000 pounds; 1923, 1,209,000 pounds. Free, from Philippine Islands: 1927, 293,369,000 pounds; 1923, 180,699,000 pounds.	Crude oils: 1927, 281,654,000 pounds; 1923, 235,918,000 pounds. Refined oil: 1927, 243,093,000 pounds; 1923, 172,381,000 pounds.			Coconut-palm industry in Florida has been virtually extinguished. Imported coconut oil competes with domestic butter, lard, and vegetable oils.
Do.	United Kingdom and China		1927, 394 pounds; 1928, 25,000 pounds.	Crude oil: 1927, 1,806,000,000 pounds; 1921, 1,277,000,000 pounds. Refined oil: 1927, 1,692,000,000 pounds; 1921, 1,185,000,000 pounds.		Quoted prices: 1921, United States, 11.03 cents per pound; Hull, England, 9.16 cents per pound. 1923, United States, 11.33 cents per pound; Hull, England, 8.53 cents per pound. Cost of Production: 1923-24, United States, 9.514 cents per pound; Great Britain, 7.848 cents per pound (Jan.-June, 1924); China, 5.618 cents per pound. Quoted prices: 1923, United States, 16.45 cents	22.73 Used in manufacture of salad oil, lard substitutes, butter substitutes, glycerin, washing powder, etc. Competitive with domestic cottonseed oil, lard, butter.
cents per pound but not less than 45 per cent ad valorem.	China	Chicago, San	1927, 2,847,000 pounds; 1923,	Crude oil: 1927, 10,589,000 pounds;			33.48 Competitive with domestic peanut oil, lard,

Rapeseed oil.....	6 cents per gallon.....	3.7 cents per pound, but not less than 45 per cent ad valorem.	Japan.....	New York.....	1927, 2,563,000 gallons; 1923, 2,124,000 gallons.	1927, none; 1928, 173,000 pounds; 1923, none.	1927, average import valuation, 61¢ per gallon; 1928, average quoted New York, \$1.025 per gallon.
Expressed and extracted oils, not specially provided for. All the foregoing expressed or extracted oils, hydrogenated or hardened.	20 per cent ad valorem..	45 per cent ad valorem.....			1927, 1,641,000 pounds; 1923, 170,000 pounds.		
PARAGRAPH 55							
Coconut oils.....	2 cents per pound.....	3.6 cents per pound, but not less than 45 per cent ad valorem.	Philippines...	New York....	Dutiable: 1927, 38,000 pounds; 1923, 1,209,000 pounds. Free, from Philippine Islands: 1927, 293,389,000 pounds; 1923, 180,999,000 pounds.	Crude oils: 1927, 281,654,000 pounds; 1923, 235,918,000 pounds. Refined oil: 1927, 243,093,000 pounds; 1923, 172,381,000 pounds.	
Cottonseed oil.....	3 cents per pound.....	do.....	United Kingdom and China.		1927, 391 pounds; 1923, 25,000 pounds.	Crude oil: 1927, 1,808,000,000 pounds; 1921, 1,877,000,000 pounds. Refined oil: 1927, 1,698,000,000 pounds; 1921, 1,185,000,000 pounds.	Quoted prices: 1924, United States, 11¢ per pound; Hull, England, 9.16 cents; 1923, United States, 11.53 cents per pound; England, 8.53 cents per pound. Production: 1923-24, United States, 9¢ per pound; Great Britain, 7.816 cents (Jan.-June, 1924); China, 5.618 cents
Peanut oil.....	4 cents per pound.....	5.4 cents per pound but not less than 45 per cent ad valorem.	China.....	Chicago, San Francisco, New York.	1927, 2,847,000 pounds; 1923, 8,008,000 pounds; 1919, 154,052,000 pounds.	Crude oil: 1927, 10,589,000 pounds; 1923, 5,358,000 pounds; 1919, 87,000,000 pounds. Refined oil: 1927, 8,511,000 pounds; 1923, 5,050,000 pounds; 1919, 184,603,000 pounds.	Quoted prices: 1924, United States, per pound; Tsingtao, China, 7¢ per pound. (Report of U. S. Tariff Commission of production: 1923-24, United States, 6.78 cents per pound; China, 6.78 cents (Report of U. S. Tariff Commission
Soy-bean oil.....	2½ cents per pound.....	2.8 cents per pound but not less than 45 per cent ad valorem.	do.....	New York, San Francisco, Seattle.	1927, 11,515,000 pounds; 1923, 33,221,000 pounds.	Crude oil: 1927, 3,087,000 pounds; 1923, 2,954,000 pounds. Refined oil: 1927, 5,681,000 pounds; 1923, 1,037,000 pounds.	Quoted prices: 1924, United States, per pound; Dairen, China, 6.94¢ per pound. (Report of U. S. Tariff Commission of production: 1923-24, United States, 10.22 cents per pound; all other countries, 10.22 cents per pound; Japan, 6.56 cents (Report of U. S. Tariff Commission
All the foregoing vegetable oils when hydrogenated or hardened.		1 cent per pound additional.					Britain, 7.78 cents per pound.
PARAGRAPH 56							
Alizarin assistant, turkey red oil, sulphonated castor oil, other sulphonated animal or vegetable oils, etc.	35 per cent ad valorem..	45 per cent ad valorem.....			1927, 205,000 pounds; 1923, 39,000 pounds.		
PARAGRAPH 57							
Hydrogenated or hardened oils or fats.	4 cents per pound.....	Included in foregoing classification.			1927, 93,926 pounds; 1923, 403 pounds.		
Oils and fats changed by vulcanizing, oxidizing, etc.	20 per cent ad valorem..	45 per cent ad valorem.....			1927, 78,000 pounds; 1923, 25,000 pounds.		
PARAGRAPH 58							
Combinations and mixtures of animal, vegetable, or mineral oils.	25 per cent ad valorem..	do.....			1927, 117,000 pounds; 1923, 1460,000 pounds.		
PARAGRAPH 85							
Potato starch.....	1¾ cents per pound.....	2¾ cents per pound.....	Netherlands, Germany.	Boston, New York.	1927, 27,272,000 pounds; 1923, 11,981,000 pounds.		1927, average import valuation, 5.8 cents; 1928, average quoted domestic price, 6¾ cents per pound.
All other starches. Sago starch, tapioca starch, or cassava starch, and arrowroot should be removed from the free list and made dutiable under this classification.	1 cent per pound.....	2¾ cents per pound.....	Netherlands, Germany.	Boston, New York.	1927, soluble, 897,000 pounds; corn, 14,000 pounds; rice, 251,000 pounds; wheat, 46,000 pounds; all other, 1,343,000 pounds. 1923, soluble, 385,000 pounds; corn, 25,000 pounds; rice, 110,000 pounds; wheat, 13,000 pounds; all other, 199,000 pounds.		
PARAGRAPH 86							
Dextrin made from potato starch or potato flour.	2¾ cents per pound.....	3 cents per pound.....			1927, 1,502,000 pounds; 1923, 2,501,000 pounds.		
Burnt starch or British gum dextrin substitutes, soluble or chemically treated starch.	1¾ cents per pound.....	3 cents per pound.....			1927, 29,000 pounds; 1923, 162,000 pounds.		

Certain vegetable oils and oil-bearing seeds which are on the free list should be transferred to Schedules I and VII. (See brief, pp. 8059-8066; hearings of House Ways and Means Committee on Tariff Commission, p. 19.) Tapioca, sago, arrowroot, and cassava should be transferred from the free list to par. 85. (See pp. 8040; 8066; 8067-8069; hearings of House Ways and Means Committee on Tariff Commission, pp. 19-20.)

¹ Decision of Customs Court (G. A. 9045; T. D. 41144) permits free entry of casein mixed with soda by classification under par. 1459. Should be corrected by making casein compounds dutiable under par. 19.

² Argentina produced in 1916, 6,593,670 pounds; in 1927, 31,219,000 pounds.

³ Land values: Argentina, 1924, \$10 per acre; United States, dairy regions, 1924, \$46 per acre, excluding buildings, \$73 per acre including buildings. Farm labor: Argentina peon labor, 1924-25, \$0.59 to \$1.57 per day, with board; United States, 1924-25, \$1.00 per day, with board.

⁴ Includes sod, herring, and menhaden oils.

cents per pound, but not less than 45 per cent ad valorem.	Japan.....	New York....	1927, 2,563,000 gallons; 1923, 2,124,000 gallons.	1927, none; 1926, 173,000 pounds; 1923, none.	1927, average import valuation, 61.7 cents per gallon; 1923, average quoted price, blown, New York, \$1.025 per gallon.	Used in production of margarine, steel plates, and as a lubricant. Competitive with domestic vegetable and animal oils, butter, and lard.
per cent ad valorem.....			1927, 1,641,000 pounds; 1923, 170,000 pounds.			Competitive with domestic vegetable and animal oils, butter, and lard.
cent per pound additional.....						
cents per pound, but not less than 45 per cent ad valorem.	Philippines...	New York....	Dutiable: 1927, 38,000 pounds; 1923, 1,209,000 pounds. Free, from Philippine Islands: 1927, 263,369,000 pounds; 1923, 180,699,000 pounds.	Crude oils: 1927, 231,654,000 pounds; 1923, 235,918,000 pounds. Refined oil: 1927, 243,093,000 pounds; 1923, 172,381,000 pounds.		Coconut-palm industry in Florida has been virtually extinguished. Imported coconut oil competes with domestic butter, lard, and vegetable oils.
do.....	United Kingdom and China.		1927, 394 pounds; 1923, 25,000 pounds.	Crude oil: 1927, 1,806,000,000 pounds; 1921, 1,277,000,000 pounds. Refined oil: 1927, 1,693,000,000 pounds; 1921, 1,135,000,000 pounds.	Quoted prices: 1921, United States, 11.03 cents per pound; Hull, England, 9.16 cents per pound. 1923, United States, 11.53 cents per pound; Hull, England, 8.83 cents per pound. Cost of Production: 1923-24, United States, 9.514 cents per pound; Great Britain, 7.848 cents per pound (Jan.-June, 1924); China, 5.618 cents per pound.	22.73 Used in manufacture of salad oil, lard substitutes, butter substitutes, glycerin, washing powder, etc. Competitive with domestic cottonseed oil, lard, butter.
cents per pound but not less than 45 per cent ad valorem.	China.....	Chicago, San Francisco, New York.	1927, 2,847,000 pounds; 1923, 8,008,000 pounds; 1919, 154,062,000 pounds.	Crude oil: 1927, 10,589,000 pounds; 1923, 5,358,000 pounds; 1919, 87,606,000 pounds. Refined oil: 1927, 8,511,000 pounds; 1923, 5,950,000 pounds; 1919, 184,603,000 pounds.	Quoted prices: 1923, United States, 16.45 cents per pound; Tsingtao, China, 7.42 cents per pound. (Report of U. S. Tariff Commission.) Cost of production: 1923-24, United States, 9.33 cents per pound; China, 5.78 cents per pound. (Report of U. S. Tariff Commission.)	33.48 Competitive with domestic peanut oil, lard, butter. Imports of oil displace proportionate quantities of domestic peanuts.
cents per pound but not less than 45 per cent ad valorem.	do.....	New York, San Francisco, Seattle.	1927, 11,515,000 pounds; 1923, 33,221,000 pounds.	Crude oil: 1927, 3,087,000 pounds; 1923, 2,954,000 pounds. Refined oil: 1927, 5,681,000 pounds; 1923, 1,097,000 pounds.	Quoted prices: 1924, United States, 12.40 cents per pound; Dairen, China, 6.94 cents per pound. (Report of U. S. Tariff Commission.) Cost of production: 1923-24, United States, 10.22 cents per pound; all Manchuria, 6.25 cents per pound; Japan, 6.56 cents per pound; (Report of U. S. Tariff Commission.) Great Britain, 7.78 cents per pound.	40.34 Competitive with domestic soy-bean oil, butter, lard, and other domestic animal and vegetable oils. Imported oil displaces proportionate amount of domestic soy beans.
cent per pound additional.....						
per cent ad valorem.....			1927, 205,000 pounds; 1923, 39,000 pounds.			Increase in duty requested in order to place this rate on a comparable level with duties requested on other vegetable and animal oils. These oils are used for tanning, dyeing, softening, and finishing.
cluded in foregoing classification.			1927, 93,926 pounds; 1923, 405 pounds.			24.19 Competitive with various vegetable, animal, and marine oils. Proposed duty in line with increases requested on other oils.
per cent ad valorem.....			1927, 78,000 pounds; 1923, 25,000 pounds.			Proposed duty in line with increases requested on other oils.
do.....			1927, 117,000 pounds; 1923, 140,000 pounds.			Do.
cents per pound.....	Netherlands, Germany.	Boston, New York.	1927, 27,272,000 pounds; 1923, 11,981,000 pounds.		1927, average import valuation, 3.6 cents per pound; 1923, average quoted domestic price, New York, 634 cents per pound.	47.43 Competitive with domestic potato starch. Imported starch displaces domestic potatoes, corn, and molasses and other farm products used in production of starch.
cents per pound.....	Netherlands, Germany.	Boston, New York.	(1927, soluble, 897,000 pounds; corn, 14,000 pounds; rice, 251,000 pounds; wheat, 46,000 pounds; all other, 1,343,000 pounds. 1923, soluble, 385,000 pounds; corn, 25,000 pounds; rice, 110,000 pounds; wheat, 13,000 pounds; all other, 199,000 pounds.)			22.50 18.93 18.77 18.66 16.34 Competitive with domestic starches. Displaces proportionate amounts of domestic farm products used in the production of starch.
cents per pound.....			(1927, 1,502,000 pounds; 1923, 2,501,000 pounds.)			45.68 Competitive with domestic dextrin produced from potato starch or flour. Imports displace proportionate amount of domestic potatoes.
cents per pound.....			1927, 29,000 pounds; 1923, 168,000 pounds.			17.59 Competitive with domestic dextrin produced from farm products. Imports displace proportionate amount of farm products.

In vegetable oils and oil-bearing seeds which are on the free list should be transferred to Schedules I and VII. (See brief, pp. 8059-8066, hearings of House Ways and Means Committee.)
 Tapioca, sago, arrowroot, and cassava should be transferred from the free list to par. 85. (See pp. 8040; 8066; 8067-8069; hearings of House Ways and Means Committee.)

its free entry of casein mixed with soda by classification under par. 1459. Should be corrected by making casein compounds dutiable under par. 19.

000 pounds.
 dry regions, 1924, \$46 per acre, excluding buildings, \$73 per acre including buildings. Farm labor: Argentina peon labor, 1924-25, \$0.59 to \$1.87 per day, with board; United States, 1925, \$2.78 per day, with board.

2½ cents. Perhaps it ought to be lifted some more. However, other starches like wheat starch, rice starch, cornstarch, were left on a lower basis than potato starch. I can see no reason for that. All starches should be on the same basis. That applies to the domestically produced starches, wheat starch, cornstarch, rice starch, and others. We have other starches that come in here, which I shall talk more about, on the free list, tapioca, sago, arrowroot, and cassava, coming in from the British East Indies. I mention them only because they are related to the starch paragraphs in Schedule 1. But we can not present any argument about them. That comes in the free list. But we want this in your mind as a matter of summary, that on starches, whether they are grown in the United States or whether they come in from abroad, the same rate of duty should apply to them all; because if they do not come in in the shape of wheat starch they will come in in the shape of tapioca starch; if they do not come in in the shape of potato starch they will come in in the shape of cassava starch. They are all starches, and they are all competitive.

That is all I have to say in the matter of summary. I thank you.
(Mr. Gray presented for the record the following chart and brief:)

**BRIEF OF THE AMERICAN FARM BUREAU FEDERATION CONCERNING SCHEDULE 1,
CHEMICALS, OILS, AND PAINTS**

FERTILIZERS

The tariff act of 1922 contained the policy of admitting fertilizers and fertilizer materials free of duty, but certain exceptions were made to this principle which prevented it from being 100 per cent effective. A number of articles which have been used for fertilizer materials were made dutiable under Schedule 1 and exempted from free entry. In paragraph 1, phosphoric acid is dutiable at 2 cents per pound. Although used for pharmaceutical purposes it may also be used for the production of fertilizers, such as disodium phosphate and monocalcium phosphate. Phosphoric acid is also used instead of sulphuric acid in the fixation of ammonia. In paragraph 7, ammonium chloride is dutiable at 4 cents per pound, ammonium nitrate at 1 cent per pound, ammonium phosphate at 1½ cents per pound, ammonium sulphate at \$5.60 per ton. All of these materials may be used for fertilizer purposes, although they have other uses also.

It is respectfully requested that the principle of admitting fertilizer free of duty, which was contained in the act of 1922, be made 100 per cent effective by allowing free entry to these materials whenever they are used for fertilizer purposes. This is in line with the resolution adopted by the annual convention of the American Farm Bureau Federation, December 7, 1927, which reads as follows:

"We insist there should be no import duty on plant-food constituents."

In order that these materials may be dutiable when used for pharmaceutical purposes but be allowed free entry for fertilizer uses, it is suggested that the following wording be inserted at the end of each of the paragraphs 1 and 7:

"Provided that all articles specified by name in this paragraph shall be free of duty when imported for fertilizer purposes."

This proviso should be inserted in H. R. 2667, on page 3, in line 4 after the words "ad valorem," and also on page 5 in line 2 after the word "pound." The action of the House in removing urea from the dutiable list to the free list should be maintained. The retention of guano, basic slag, manures, phosphate rock cyanamid, and all other fertilizer materials on the free list is also requested. These latter materials will be discussed in connection with the free list when the committee reaches the consideration of that portion of the act.

CASEIN

Casein, a by-product of skim milk and buttermilk, is used for the manufacture of coated paper, textiles, artists' colors, mucilage, paint removers, photographic plates, and electrical insulators.

A higher duty on casein is requested in order to promote the increased utilization of skim milk and buttermilk. It is estimated that approximately 10,000,000,000 pounds of skim milk is thrown away annually, which is a sufficient amount to produce approximately 300,000,000 pounds of casein. The total consumption of casein in the United States in 1927 was 42,242,504 pounds (see report of United States Tariff Commission to the President, Mar. 15, 1928), of which 18,033,000 pounds were produced in the United States and 24,209,504 pounds were imported, chiefly from Argentina. It is also estimated that 50,000,000,000 pounds of skim milk is available for manufacturing purposes from milk used in the manufacture of butter and in supplying the demand for sweet cream. This is sufficient to produce approximately 1,500,000,000 pounds of casein, if it were all diverted for this purpose. While there are other uses for skim milk, it is evident from these figures that there is no ground for the contention that there is not a sufficient supply available for manufacturing purposes to furnish all of the casein needed by domestic consumers.

Moreover, the evidence shows that just as good a grade of domestic casein can be produced as the imported product. Experts in the Department of Agriculture, including Dr. L. A. Rodgers, chief of the dairy division laboratories, and O. E. Reed, chief of the Bureau of Dairy Industry, stated that there is no reason why as good casein can not be produced in the United States as in Argentina. (See page 376, hearings, House Ways and Means Committee.) The evidence shows that the better grade of domestic casein is just as good, if not better, than that imported from Argentina.

The study made by the Tariff Commission showed that the prices paid for whole milk in Argentina were from two to three times cheaper than the prices paid in this country. Agricultural wages in Argentina, land values, and other cost factors, are far below those prevailing in the dairy regions of the United States. (See pp. 39-40, hearings, House Ways and Means Committee.)

In order to equalize the advantage which Argentina has over domestic producers of casein and thereby stimulate the utilization of skim milk purchased in the United States, it is urged that the duty on casein be increased from 2½ cents per pound to 8 cents per pound, but not less than 60 per cent ad valorem.

The change in wording which has been made by the House of Representatives which provides for the inclusion within paragraph 19 of mixtures of which casein or lactarene is the chief component material should be retained. This change in wording is necessary in order to remedy a situation resulting from litigation under which the customs authorities ruled that casein when mixed with bicarbonate of soda should not be classed as casein but a nonenumerated manufactured article under paragraph 1459, at a rate of 20 per cent ad valorem. (G. A. 8045, T. D. 41144.)

VEGETABLE AND ANIMAL OILS AND FATS

An extended discussion of the need for higher duties on vegetable and animal oils and on raw materials from which these are produced has already been presented to the House Ways and Means Committee. (See pages 41-54 and 8059-8066, Hearings.) Without repeating this information, it is desired to call attention to the fact that with only a few exceptions the urgent recommendations of the representatives of the dairy industry and of agriculture generally were unheeded by the Ways and Means Committee and by the House of Representatives. The dairy industry of the United States remains inadequately protected against the growing menace of imported vegetable and animal oils which are used in the manufacture of butter substitutes. These substitutes, produced from materials imported from foreign countries and from the Philippine Islands, where low standards of living prevail, can be placed on the market much cheaper than butter. The same arguments apply also to lard and to linseed oil, both of which are meeting with intense competition from substitute oils and fats produced from imported raw materials which can be secured more cheaply. The competition of these imported oils and fats may be divided into three classes: First, those which displace domestic butter and lard; included among these are cocoanut oil, palm oil, palm kernel oil,

perilla oil, sesame oil, whale oil, seal oil, menhaden oil, poppy seed oil, and others; second, those which displace the use of domestic oil-bearing seeds such as flaxseed, cottonseed, soy beans, castor beans, olives, and others; these include hemp seed oil, tung oil, olive oil, soy bean oil, castor oil, peanut oil, linseed oil, and others; and third, the raw materials in the form of beans or seeds which are imported for the extraction of oil and which displace thereby the use of domestic agricultural products.

The following table summarizes the rates on oils and fats, together with oil-bearing seeds, which require further adjustment; the table shows the rates under the act of 1922 compared with the rates in the proposed bill as passed by the House, and with the rates which have been requested by the American Farm Bureau Federation and a large number of other farm and cooperative associations.

The table is as follows:

Article	Rates in act of 1922	Rates in H. R. 2667	Rates requested by American Farm Bureau Federation
Sod oil.....	5 cents per gallon.....	No change.....	2 cents per pound, but not less than 45 per cent ad valorem.
Herring oil.....	do.....	do.....	Do.
Menhaden oil.....	do.....	do.....	Do.
Whale oil.....	6 cents per gallon.....	do.....	2.7 cents per pound, but not less than 45 per cent ad valorem.
Seal oil.....	do.....	do.....	2.4 cents per pound, but not less than 45 per cent ad valorem.
Sperm oil.....	10 cents per gallon.....	Crude, 10 cents per gallon; refined or otherwise processed, 44 cents per gallon; spermaceti wax 6 cents per pound.	2.2 cents per pound, but not less than 45 per cent ad valorem.
Fish oils, n. s. p. f.....	20 per cent ad valorem.	No change in rate.....	45 per cent ad valorem.
All animal oils, fats, and greases, n. s. p. f.....	do.....	do.....	Do.
Castor oil.....	3 cents per pound.....	No change.....	5 cents per pound, but not less than 45 per cent ad valorem.
Hempseed oil.....	1½ cents per pound.....	do.....	3.9 cents per pound, but not less than 45 per cent ad valorem.
Linseed or flaxseed oil..	3.3 cents per pound.....	4.16 cents per pound..	3.9 cents per pound, but not less than 45 per cent ad valorem.
Olive oil in containers weighing less than 40 pounds.	7½ cents per pound...	8½ cents per pound...	17½ cents per pound, but not less than 45 per cent ad valorem.
Edible olive oil, n. s. p. f.	6½ cents per pound...	No change.....	16½ cents per pound, but not less than 45 per cent ad valorem.
Inedible olive oil: Sulphured or foots..	Free.....	No change.....	3.9 cents per pound, but not less than 45 per cent ad valorem.
All other inedible olive oil.	do.....	do.....	7.5 cents per pound, but not less than 45 per cent ad valorem.
Poppyseed oil.....	2 cents per pound.....	No change in rate.....	3.8 cents per pound, but not less than 45 per cent ad valorem.
Rapeseed oil.....	6 cents per gallon.....	do.....	3.7 cents per pound, but not less than 45 per cent ad valorem.
All other expressed or extracted oil n. s. p. f.	20 per cent ad valorem.....	do.....	45 per cent ad valorem.
Coconut oil.....	2 cents per pound.....	No change.....	3.6 cents per pound, but not less than 45 per cent ad valorem.
Peanut oil.....	4 cents per pound.....	do.....	5.4 cents per pound, but not less than 45 per cent ad valorem.
Hydrogenated or hardened oils and fats.	do.....	No change in rate.....	1 cent per pound additional to the rates provided on all animal, vegetable oils, and fats whenever hydrogenated or hardened.
Combinations and mixtures of animal, vegetable or mineral oils.	25 per cent ad valorem.....	do.....	45 per cent ad valorem.

Article	Rates in act of 1922	Rates in H. R. 2667	Rates requested by American Farm Bureau Federation
Copra.....	Free.....	No change.....	2 cents per pound, but not less than 40 per cent ad valorem.
Hempseed.....	do.....	do.....	1 cent per pound, but not less than 40 per cent ad valorem.
Palm nuts.....	do.....	do.....	1.7 cents per pound, but not less than 40 per cent ad valorem.
Palm nuts kernels.....	do.....	do.....	1.2 cents per pound, but not less than 40 per cent ad valorem.
Tung nuts.....	do.....	do.....	2 cents per pound, but not less than 40 per cent ad valorem.
Rapeseed.....	do.....	do.....	1.8 cents per pound, but not less than 40 per cent ad valorem.
Perilla seed.....	Free.....	do.....	1.6 cents per pound, but not less than 40 per cent ad valorem.
Sesame seed.....	do.....	do.....	2.4 cents per pound, but not less than 40 per cent ad valorem.
All other oil bearing seeds and nuts, n. s. p. f.	do.....	do.....	40 per cent ad valorem.
Palm oil.....	do.....	do.....	3.1 cents per pound, but not less than 45 per cent ad valorem.
Palm kernel oil.....	do.....	1 cent per pound.....	3.6 cents per pound, but not less than 45 per cent ad valorem.
Perilla oil.....	do.....	No change.....	4.6 cents per pound, but not less than 45 per cent ad valorem.
Sesame oil.....	do.....	3 cents per pound.....	5.4 cents per pound, but not less than 45 per cent ad valorem.
Sweet almond oil.....	do.....	No change.....	3.4 cents per pound, but not less than 45 per cent ad valorem.
Japanese or Chinese tung oil.....	do.....	do.....	5.9 cents per pound, but not less than 45 per cent ad valorem.
Nut oils, n. s. p. f.....	do.....	do.....	Not less than 45 per cent ad valorem.

These rates have been carefully worked out after much study and during a series of conferences between the leading farm organizations and cooperative associations. These rates, therefore, represent the mature deliberations and combined judgment of the leaders and experts of these organizations. These are the minimum requirements for adequate protection for the dairy industry against these imported substitutes.

It is to be hoped that the Senate Finance Committee may rectify this grave oversight and increase the rates on these various products to the levels requested by the domestic agricultural interests.

STARCHES

Paragraph 85 provides for duties on starches of various kinds, and paragraph 86 provides duties on various dextrines made from starches. The House Committee raised the rate of potato starch from 1½ cents to 2½ cents per pound and the rate on all other starches not specially provided for from 1 cent to 1½ cents per pound. It also raised the rate on dextrine from potato starch or potato flour from 2½ cents to 3 cents per pound, and on all other dextrines not specially provided for from 1½ cents to 2 cents per pound.

These changes are appreciated with the exception of the duty on all other starches not specially provided for. These starches, which include corn starch and starches made from wheat, rice, or other products, should bear the same rate of duty as potato starch, namely 2½ cents per pound. Dextrine, not specially provided for, should be the same as potato starch dextrine.

Even more serious than this, however, is the failure of the House to remove from the free list tapioca, sago, arrowroot, and cassava, all of which are sources of starch. The continued free entry of these starches and starch materials displace the use of domestic corn, potatoes, and other farm products which otherwise might be used for the production of starch.

The duty on corn has been increased by the House from 15 cents to 25 cents per bushel. This action is commendable, but in order to bring to the corn growers of the United States the maximum protection which can be afforded through the tariff, a duty should be provided on tapioca, sago, etc., which displace the use of corn in the manufacture of starch. The importation of

approximately 100,000,000 pounds of tapioca in 1927 was sufficient to displace nearly 3,500,000 bushels of corn which might have been utilized for the manufacture of starch.

The need for a duty on these products will be discussed more fully in connection with the consideration of the free list, but it is desired to call attention at this time to the fact that these items should be included in paragraph 85 of Schedule I at a rate of 2½ cents per pound so that all imported starches and starch materials will bear the same rate. (For further discussion of the starch paragraphs see briefs filed by the American Farm Bureau Federation before the House Ways and Means Committee, pp. 54-56, 8040, 8066, 8067-8069, hearings.)

It is recommended that the wording of paragraph 85 be changed to read as follows:

"PAR. 85. Starches: Corn, potato, tapioca or cassava (including flour), sago (including flour), arrowroot (including flour), and all other starches, not specially provided for, 2½ cents per pound."

It is further requested that the following new paragraph be added after paragraph 85:

"PAR. 86. Tapioca or cassava roots, crude sago, crude arrowroot, 2½ cents per pound."

The transfer of these products from the free list, of course, necessitates appropriate amendments deleting the mention of them on the free list.

STATEMENT OF SALMON W. WILDER, BOSTON, MASS., REPRESENTING THE MANUFACTURING CHEMISTS' ASSOCIATION OF THE UNITED STATES

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. WILDER. Mr. Chairman and gentlemen, I am chairman of the board of the Merrimac Chemical Co., of Boston, but my appearance this morning is on behalf of the Manufacturing Chemists' Association of the United States; and, with your permission, I will read my brief.

The CHAIRMAN. There is no necessity of reading a brief, unless there are some questions that the subcommittee desire to ask, because that is what we shall have to do in the months following the closing of these hearings.

Mr. WILDER. The brief, Mr. Chairman, is very short; and, in view of the fact that it touches on problems having to do with the entire industry, I think, with your permission, it would perhaps be well to read it.

The CHAIRMAN. The brief is not in the House hearings?

Mr. WILDER. This is not the brief that we presented to the House committee. This is a brief prepared for your committee.

The CHAIRMAN. That is not what I asked. I say, is the substance of that brief in the brief printed in the House hearings?

Mr. WILDER. It is; yes.

The CHAIRMAN. Very well, then, I do not want you to take the time of this subcommittee with it.

Mr. WILDER. Very well, sir.

The CHAIRMAN. If there is anything new that you have, give it to the subcommittee; but we already have 11,000 pages of testimony and briefs in the House, and we have to consider it all, and there is no necessity of duplicating the material in these hearings. We can not do it. It is a physical impossibility. Therefore we are going to ask the witnesses, if there is anything new to present it, but we do not want anything that is in the House hearings, because that we have before us now.

Mr. WILDER. May I call your attention to one paragraph in my brief, which is to the effect that I am attaching hereto a request that if it is in harmony with your procedure the House brief be included with this and made a part of the record?

The CHAIRMAN. No; we have that. There is no need of putting the Government to the expense of printing that again, and there is no need of having it in two places. If you have anything new, any point that is not in the House brief or anything that you want to say, we shall be delighted to hear it.

Mr. WILDER. I will hand you my brief "as is," and leave it with you, sir.

(Mr. Wilder submitted the following brief:)

BRIEF OF THE MANUFACTURING CHEMISTS' ASSOCIATION OF THE UNITED STATES

To the COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: As chairman of the executive committee of the Manufacturing Chemists' Association of the United States, I appear before you representing the chemical industry in all its branches. Ours is the oldest association in the industry, dating its existence from 1872, and our membership embraces virtually every division of chemical manufacturing. Thus it may fairly be said that we are representative of the industry.

HEARINGS BEFORE THE COMMITTEE ON WAYS AND MEANS

In January last, we appeared before the House Committee on Ways and Means and presented a brief in which was described the extraordinary expansion that has taken place in the chemical industry during the last few years, and its vital importance to the economic and industrial welfare of our Nation. This brief also outlined our views with respect to such tariff revision as we deemed necessary in order to safeguard and maintain the permanency of the industry in our country. A copy of this brief is attached hereto, and we respectfully request that if in harmony with your procedure it be made part of the record.

At the hearings above referred to, we stated to the Committee on Ways and Means our conviction that on the whole the tariff act of 1922 has proved of benefit not only to chemical manufacturers but to American industry in general. This conviction we wish to reaffirm. As pointed out, however, our experience as manufacturers under the act of 1922 has proved that certain chemical products have not the protection which is required to justify their continued manufacture in this country. While these products in some instances are not of major importance so far as poundage or gross business is concerned, nevertheless, they are absolutely essential to our industrial welfare, and it should be the purpose of the proposed act to provide such protection as will permit their continued production at a reasonable profit.

The question of rates on specific products is one that will be presented by competent witnesses from concerns that are directly interested, and this association can only urge that due consideration be given specific requests and that such rate changes be made as experience under the present act has shown are necessary to maintain existing business and permit its further expansion.

We are advised by your chairman that manufacturers whose tariff needs are satisfactorily provided for in the House bill would please your committee by not asking for time at this hearing, and so, with the desire of cooperating with your committee's purpose of time conservation many of our members who were prepared to offer testimony will not ask for that privilege. We trust, however, that if any adverse statements directed to the rates as written in H. R. 2667 are presented we shall have opportunity to make reply.

TARIFF RATES

During the period subsequent to the passage of the act of 1922 many changes in chemical processes have been developed and many new lines of manufacture have been added to our output. In these years, also, our foreign competitors

have been active and their new products and processes have appeared in continuous stream. In such circumstances it is to be expected that certain rates and administrative features of the act of 1922, which at the time of its passage were deemed sufficient, have proved inadequate and have failed to afford proper protection to the domestic manufacturer. In this connection we wish to emphasize the fact that it has been the policy of our members to ask for increased rates only in the case of those manufactures whose very existence is threatened by the lower cost of foreign production. Furthermore, we wish to emphasize that the American chemical manufacturer is asking for only that rate of duty which will enable him to maintain the American standard of wages and at the same time conserve and develop the production of those chemical products which are essential to our economic welfare and our national security.

FLEXIBLE TARIFF

While the flexible provisions of the act of 1922 as provided in section 315 have been of assistance to a number of our member companies, nevertheless in many instances, delays and difficulties incident to securing necessary cost data and other information from abroad have been of such a nature as greatly to minimize the purpose of the act. We, therefore, record our approval of the flexible provisions as contained in H. R. 2667, a main purpose of which is to provide a method of equalizing competitive conditions.

COMPENSATORY DUTIES

We are in entire accord with the fundamental policy as set forth in H. R. 2667 which recognizes the necessity of a compensatory duty in the case of finished products, the raw materials of which are dutiable.

BASKET CLAUSE

In the hearings before the House Committee on Ways and Means we urged that the rate of 25 per cent ad valorem now applied to chemicals not specially provided for be increased from 25 to 40 per cent. Nearly all chemical products are now classified but in the nature of the case in an ever changing industry such as ours, new products are continually appearing and these, not being specially provided for, at once come under the provisions of paragraph 5 of the act of 1922 (basket clause) and thus carry a duty of 25 per cent. In the case of many products of this character and in fact, as a rule, a duty of 25 per cent ad valorem is wholly inadequate to justify the manufacturer undertaking the risk of capital expenditure necessary to research and to develop the manufacture of new products. Furthermore, manufacturers abroad are quite as active as ourselves in the development of new processes and products and many of these new products of foreign manufacture are freely offered in our markets. A duty of 25 per cent ad valorem will not justify an American manufacturer in attempting to produce the imported product or one of comparable nature. We respectfully renew our request for an increase in the basket-clause rate from 25 to 40 per cent ad valorem.

DUMPING AND UNFAIR COMPETITION

Our association has been a consistent advocate of an efficient antidumping law and we strongly indorse the proposed changes in section 318 of the act of 1922 which are intended to prevent the delays which have in many instances made the provisions of the existing act practically unworkable.

AMERICAN SELLING PRICE

We have already pointed out to the House Committee on Ways and Means that a fully developed chemical industry is vital to American industry as a whole. This means that not alone must we manufacture in this country those products which by reason of their tonnage and value in dollars are of major importance, but it is equally essential that we maintain production of those complex chemical compounds many of which require in the process of manufacture elaborate plants and technical skill of a high order. In this class may be included dyes, pharmaceuticals, fine chemicals, and other organic compounds. We heartily indorse American selling price as the valuation basis provided in paragraphs 27 and 28 of the present act which is applicable to many of the organic products referred to.

A calculation made of the ad valorem equivalents in the chemical schedules of the act of 1922 and H. R. 2667, shows the average on products in the chemical schedule in the existing act to be 29.35 per cent, while in the House bill it is 32.37 per cent, an increase of 3.02 per cent. The following table presents the percentage comparisons of rates reduced to ad valorem equivalents and based on importations of 1928 that are applicable to all schedules:

Schedule	Equivalent ad valorem rates	
	Act of 1922	H. R. 2667
Chemicals (Schedule 1).....	29.35	32.37
Manufactured products 1, 2, 3, 4, 9, 10, 12, 13, 14, 15.....	29.78	35.29
Agricultural products 5, 6, 7, 11.....	43.76	57.83
Spirits, wines, etc. (Schedule 8).....	35.89	43.90

EUROPEAN CARTELS

The European chemical cartel, grown to mammoth size and licensed to exercise absolute powers in matters of production, division of territory, price maintenance, and allocation of business, is a competitive force which is encountered not only in world markets, but is to be reckoned with as a factor in the business of our own country. Our laws do not permit such centralization of industrial resources and exercise of such unrestrained authority as they enjoy. The American way of business calls for equalization of opportunity and fair competition, while the laws of European countries not only permit organization of industrial units into vast combinations operating under unified control, but in some cases even require business to enter into such agreements. In view of the fundamental differences between the laws of America and the countries in which our severest competition originates, it would be manifestly unfair to open wide our markets to goods produced under a system of economic laws which our Government would not countenance. The tariff is the only protection we have against the invasion of our markets by these huge combinations so favored by their governments.

CONCLUSION

We feel, therefore, that in whatever changes are recommended by the subcommittee there should be no lowering of the rates established by the House. On the other hand, there are certain paragraphs to which individual concerns are respectfully inviting your attention as representing cases entitled to higher duties.

Respectfully submitted.

SALMON W. WILDER,
Chairman Executive Committee.

STATEMENT OF A. L. MULLALY, REPRESENTING THE KUTTROFF PICKHARDT CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. MULLALY. Mr. Chairman and members of the Senate Finance Committee, I am representing the firm of Kuttroff, Pickhardt & Co. (Inc.), 1150 Broadway, New York, dealers and importers of chemicals and solvents. Since the enactment of the Fordney-McCumber tariff law of September 22, 1922, the development of new chemical products has taken place to a large extent in such essentially American industries as the automotive, aviation, artificial silk, pyroxylin plastics, and lacquer.

House bill 2667, also known as the tariff bill of 1929, provides increased rates of duty on chemicals, the preponderance of which are raw materials used in these industries.

The Fordney-McCumber tariff law, enacted by Congress in 1922, imposed rates of duty so high as practically to prohibit the importation of all chemicals which had any commercial importance on or before September 22, 1922, except those on the free list. The dutiable chemicals which have been imported since that time are of recent scientific development, and represent only a negligible proportion of the total imports into the United States. According to the United States Department of Commerce, the value of chemical imports during the calendar year 1928 was \$94,318,991, representing less than 2½ per cent of the \$4,098,980,000 imports into the United States during 1928.

This meager import of chemicals includes essential raw materials for use by these American industries, developed to a large extent since the enactment of the Fordney-McCumber tariff law.

In order to point out to you the effects of the increases in schedule 1 of the tariff bill of 1929, we desire to discuss briefly the uses for and economic conditions surrounding some of the products upon which increases in rates of duty are imposed.

The CHAIRMAN. Mr. Mullaly, you want to speak on paragraphs 1, 2, 4, 11, 38, and so forth?

Mr. MULLALY. Yes.

The CHAIRMAN. Does your statement cover each of those paragraphs?

Mr. MULLALY. More or less, but not completely.

The CHAIRMAN. If you are going to read all of that and then discuss this thing, why not begin with paragraph 1 and state briefly what you want?

Mr. MULLALY. I will do that.

The CHAIRMAN. Then we will take paragraphs 2, 4, 11, and 38. Can you take the bill itself?

Mr. MULLALY. Yes. Paragraph 1, nitric acid.

The CHAIRMAN. Nitric acid. The House has put a duty of one-half of 1 cent a pound on that?

Mr. MULLALY. Yes. Nitric acid is a low-priced raw material of which, on account of difficulty of transportation, only a very small amount can come into this country. The importations are only a fraction of 1 per cent, and with the new processes developing in this country there is very little possibility of the importation increasing to any great amount.

Senator KING. What is it used for except for medicinal purposes and corrosive purposes?

Mr. MULLALY. It is used in general chemical manufacturing for nitration.

The CHAIRMAN. There were 337,908 pounds of it imported in 1928. The value of it was \$15,838.

Senator KING. Go ahead.

Mr. MULLALY. The next article I had in mind was chromic acid.

Chromic acid, heretofore on the free list, has been made dutiable, as all other acids in the basket clause of paragraph 1, at 25 per cent

ad valorem. The chief use of chromic acid is in the plating of automobile parts. According to the 1927 census of manufactures, 898,093 pounds of chromic acid were produced in the United States in six establishments. In 1927 the imports were 15,620 pounds, representing 1½ per cent of domestic consumption.

Senator KING. What paragraph is that?

Mr. MULLALY. Paragraph 1.

The CHAIRMAN. In other words, in the past it has been on the free list?

Mr. MULLALY. It has been on the free list.

The CHAIRMAN. And now it falls in the basket clause?

Mr. MULLALY. Now it falls in the basket clause. It is taken out of the free list, and automatically falls into the basket clause.

Senator REED. It comes under "all other acids not specially provided for"?

Mr. MULLALY. Yes.

Senator KING. Chromic acid would fall in the classification "and all other acids and acid anhydrides"?

Mr. MULLALY. Yes. According to the 1927 census, there were 898,093 pounds produced in the United States in six establishments. The 1927 imports were 15,620 pounds, or 1½ per cent of the domestic consumption.

Senator KING. Who urged that 25 per cent duty upon chromic acid?

Mr. MULLALY. I do not know.

Senator KING. Did anybody urge it before the House committee?

Mr. MULLALY. I think Mr. Merck.

Senator KING. Who is he?

Mr. MULLALY. Of Merck & Co., pharmaceutical manufacturers.

Chromic acid is being manufactured by a new American process, producing chromic acid directly from chromium ore, at a much lower cost of production than formerly.

That is all I have on paragraph 1.

Now, paragraph 2: The phraseology of paragraph 2 has been considerably enlarged, providing for numerous products which are unusual and have as yet no commercial importance. This inclusive phraseology will, through embargo on importations, give complete control of this market to one concern of a whole series of chemical products. This phraseology so covers one entire field of products that its breadth and scope is beyond definite comprehensibility. The embargo rate of 6 cents per pound and 30 per cent ad valorem upon these products is imposed regardless of production cost or use. We recommend for your consideration the listing by name of only the important and commercially available commodities in this paragraph, with appropriate specific rates of duty, and the transfer of the remaining products still in an experimental stage to paragraph 5.

Senator KING. You are including in your statement here all of these items?

Mr. MULLALY. All of the items in italics.

Senator KING. Butylene chlorohydrin, ethylene dichloride, and all of those items down to the end of the paragraph?

Mr. MULLALY. Yes; all that new stuff that has been put in there.

The CHAIRMAN. Do you want the existing law?

Mr. MULLALY. The old existing law was bad enough. It was practically an embargo on almost everything that was ever attempted to be brought in under that paragraph; and the way it is now it is almost sewed up air-tight.

The CHAIRMAN. You know, we must have that for national defense. [Laughter.]

Mr. MULLALY. Well, there are a lot of things in that paragraph that would not go for national defense.

Senator KING. That was the argument made in 1922 by Senator Frelinghuysen and others—that for national defense we must have an embargo.

Mr. MULLALY. Well, why do you not make it an embargo, then, instead of calling it a duty?

Senator KING. That is what this does. Do you know anything about these products?

Mr. MULLALY. Only from a sales point of view.

Senator KING. Do you know anything about the justification for an embargo or a high tariff upon them?

Mr. MULLALY. Well, take one article, ethylene glycol: As one of the gentlemen told you yesterday, that article is competitive with glycerine. It can be used in the manufacture of dynamite; it is used as an antifreeze liquid in automobile radiators. It is sold under the name of Ever-Ready Prestone by one company.

Senator KING. You mentioned one company that was largely interested in the production of these commodities coming under paragraph 2.

Mr. MULLALY. Yes.

Senator KING. What company is that?

Mr. MULLALY. The Union Carbide Co.

Senator KING. Oh; this is the Union Carbide Co.? That is the company against which a suit was brought for violating the Sherman law in Baltimore a few years ago, is it not?

Mr. MULLALY. I do not know. I do not remember that.

Senator KING. I have the record.

The CHAIRMAN. Proceed.

Mr. MULLALY. Paragraph 4: The duty on methanol has been increased from 12 cents to 18 cents per gallon, as advanced by presidential proclamation of December, 1926, increasing the duty on methanol under the flexible tariff provisions of the tariff act. As far as the chemical schedule is concerned, the Ways and Means Committee accepted every increase under the flexible tariff provisions, apparently disregarding changes in the differences of cost of production as compared with those existing at the time of the issuance of the presidential proclamation.

In 1926, when methanol was raised from 12 cents to 18 cents per gallon, there was no synthetic methanol produced in the United States. The market price of refined methanol was 65 cents per gallon, and a cost of 73 cents per gallon was claimed by wood distillers. Since the production of synthetic methanol by three domestic concerns, the price of methanol has declined until to-day it is 50 cents

per gallon. There have been no importations of methanol for consumption, but only for benefit of drawback, since the issuance of the presidential proclamation; and owing to the price-decline following the use of new processes no importations for consumption would be possible, even if the former duty of 12 cents per gallon still obtained.

Senator REED. What companies are manufacturing methanol in the United States now by the synthetic process?

Mr. MULLALY. The Commercial Solvents Corporation is one company; the L'Azote Company, a Du Pont subsidiary—

Senator KING. That belongs to the Du Pont group?

Mr. MULLALY. To the Du Pont group. There is a half ownership, anyway, I believe.

Senator KING. What other companies.

Mr. MULLALY. The Union Carbide Co. are going ahead at Niagara Falls.

Senator REED. Do they make enough to supply the domestic demand?

Mr. MULLALY. I should say, from what Commercial Solvents are manufacturing now, and what we have heard, that L'Azote intends to turn out enough to pretty nearly take care of the domestic demand.

Senator REED. Then there is no more methanol produced by wood distillation?

Mr. MULLALY. Oh, yes.

Senator REED. They are still doing that, are they?

Mr. MULLALY. Oh, yes. The wood distillers are still operating their plants. They have their investment there, and they have had a very good market for acetate of lime recently.

Senator REED. But on methanol they are not breaking even; are they?

Mr. MULLALY. On methanol they are selling the denaturing grade. You see, the denaturing specifications require that it shall be distilled from wood, and the synthetic material can not be used for denaturing; so that gives them an outlet.

Senator KING. They have a monopoly, then, as against the synthetic product?

Mr. MULLALY. Yes; it gives them practically a monopoly.

Senator REED. Of course, that is produced by a very large number of small concerns.

Mr. MULLALY. The crude material is produced by a number of small concerns, but the refining is done by a comparatively few.

Senator KING. It is a good deal like oil, then, that comes out of the ground, and the refining companies are—

Mr. MULLALY. The ones that make the money.

Senator KING. The refining companies are less than those that are producing the crude oil.

Do you know anything about the wood alcohol business, the profits, and so forth?

Mr. MULLALY. I know something about it. I do not think I would be able to go into figures.

The CHAIRMAN. Is that all you want to say on paragraph 4?

Mr. MULLALY. That is all on paragraph 4.

Paragraph 11. The House Ways and Means Committee has given a specific classification for synthetic gums and resins. We regret

that at the same time they imposed an embargo rate of 4 cents per pound and 30 per cent ad valorem on these low-priced products which are so essential to the automotive and lacquer industries. We suggest that synthetic phenolic resins be removed from paragraph 28 and be classified with the synthetic gums and resins in paragraph 11, so that all synthetic gums and resins, regardless of derivation, would be provided for at one rate of duty. The synthetic phenolic resin industry is essentially an American industry and is firmly established in the United States. The Census of Dyes and Other Coal-Tar Chemicals for the year 1927, published by the United States Tariff Commission, states that the production of synthetic phenolic resin has increased over 100 per cent from 1922 to 1927; that is, the domestic production of these products has increased from 5,944,000 pounds in 1922 to 13,452,000 pounds in 1927. The publication further states there were only 11,173 pounds of synthetic phenolic resin imported into this country in 1927; that is, less than one-tenth of 1 per cent of domestic consumption.

Senator REED. What paragraph is that in?

Mr. MULLALY. Paragraph 11—paragraph 28. They are now included there.

The CHAIRMAN. You do not want them in 28; do you?

Mr. MULLALY. No. I do not believe they are specifically mentioned there. They are more or less loosely included.

The CHAIRMAN. You want them transferred to gums?

Mr. MULLALY. Yes. We want synthetic phenolic resins taken out of paragraph 28 and put into the specific resin paragraph, No. 11, the new one.

Senator KING. I want to find, in paragraph 28, the article to which you refer.

Mr. MULLALY. It is down toward the bottom of the paragraph.

Senator REED. Do these synthetic gums and resins sell as high in this country as they do in Germany?

Mr. MULLALY. I have not any figures available on that.

Senator KING. Is it synthetic phenolic resins?

Mr. MULLALY. Yes.

Senator KING. And all resin-like products prepared from phenol?

Mr. MULLALY. Yes; and formaldehyde.

Senator KING. Would that be creosol?

Mr. MULLALY. No. Creosol is not phenol. It is a similar product.

Senator KING. I want to know what you desire in paragraph 28 transferred to some other paragraph.

Mr. MULLALY. I think, in all fairness, both the phenols and the creosols—all the synthetic resins—should go under that paragraph. It is a specific paragraph.

Senator KING. They should be transferred where?

Mr. MULLALY. To paragraph 11, the new paragraph.

The CHAIRMAN. But you would not want them to carry 4 cents a pound and 30 per cent ad valorem?

Mr. MULLALY. I think that duty is too high, because some of these synthetic resins come in competition with natural resins, which sell at very low prices. Some of the natural or modified ordinary resins sell anywhere from 6 cents up to 12 cents a pound, and most of these

synthetic resins sell around 20 cents a pound, or anywhere from 20 to 45 cents a pound.

Senator KING. What rate would you give them in transferring them to paragraph 11?

Mr. MULLALY. I should think 25 per cent ad valorem would be ample.

The CHAIRMAN. On all these that you mention here you want 25 per cent?

Mr. MULLALY. Yes.

Senator KING. Coming to this paragraph 11, synthetic gums, resins not specifically provided for, 4 cents a pound and 30 per cent ad valorem, you want 25 per cent?

Mr. MULLALY. Twenty-five, and no specific duty.

The domestic production of these phenolic products or resins increased from 5,944,000 pounds in 1922 to 13,452,000 pounds in 1927, and the importations amounted only to 11,173 pounds, less than one-tenth of 1 per cent of the domestic production.

Senator KING. You are speaking now of the synthetic gums?

Mr. MULLALY. Yes; the synthetic phenolic resins, the ones that were included under paragraph 28. There was practically an embargo against their importation. It was only for some highly special use that a resin could get in.

The CHAIRMAN. Next you wanted to go to paragraph 38?

Mr. MULLALY. 28.

The CHAIRMAN. I thought you had covered 28 with what you already said.

Mr. MULLALY. I have just another short paragraph to which I want to call attention.

We recommend the elimination of American valuation in paragraphs 27 and 28 of H. R. 2667. American valuation effects an embargo on the various commodities covered by these paragraphs, such as plasticizers, resins, and so forth, which are used exclusively in the lacquer industry.

Owing to the present status of the domestic industry, we see no reason for continuance of this exceptional protection, believing that these products should be accorded protection on the same basis as other commodities in the tariff act.

The next is paragraph 31, cellulose acetate.

Senator KING. That was added as an amendment.

Mr. MULLALY. Cellulose acetate and compounds containing cellulose acetate have been especially provided for under this paragraph at an increased duty of 50 cents per pound. There is no necessity for special treatment of cellulose acetate and compounds thereof. Production of these commodities is essentially an American industry, which has been established in the United States under the present rates of duty. The importation of both cellulose acetate and compounds thereof has been practically nil during the life of the present tariff act.

The CHAIRMAN. What you want is the present act to remain as it is.

Mr. MULLALY. Either that or less.

The CHAIRMAN. Of course, I knew you wanted less.

Senator KING. What is the present tariff?

The CHAIRMAN. 40 cents a pound.

Senator KING. 40 per cent?

The CHAIRMAN. 40 cents a pound and 60 per cent ad valorem.

Mr. MULLALY. Some of the grades, I think, came in at 30 and 35 cents specific duty.

The CHAIRMAN. That was a different classification, though.

Senator KING. Coming back to cellulose acetate, that is used largely in films, is it not?

Mr. MULLALY. It is used in moving-picture films, for noninflammable films, nonexplosive films, and it is used also as a basis of non-inflammable lacquers.

Senator KING. Then, the better the quality and the cheaper, the better it would be for those who use inflammable materials and who desire to use noninflammable lacquers.

Mr. MULLALY. Yes. For instance, take that terrible catastrophe that happened in the hospital in Cleveland recently. If they had been cellulose acetate films, it probably never would have happened.

Senator KING. This increased duty will be an embargo upon securing a product that would be protective of property and human life.

Mr. MULLALY. From abroad, yes, sir; and would only tend to hold up the domestic price, and thereby discourage the use of the product anyway. It is high enough as it is.

The CHAIRMAN. Can they not make just as good products here as they can in Europe?

Mr. MULLALY. I imagine so.

The CHAIRMAN. Don't they do it?

Mr. MULLALY. I imagine so; but there is a very high price on the product here, and the higher duty will not encourage it any.

The CHAIRMAN. So far as the danger is concerned, the foreign product is just as dangerous as that made in this country.

Mr. MULLALY. I was speaking of—

Senator REED. As a matter of fact, those films that burned in the Cleveland hospital were imported films, were they not?

Mr. MULLALY. Not that I know of. I doubt it very much.

Senator REED. I was told that.

Mr. MULLALY. Because I doubt very much whether that type of film could be imported.

Senator KING. Do you think the price of these products is too high?

Mr. MULLALY. Yes. The duty on them is too high.

Senator KING. Is the domestic price too high?

Mr. MULLALY. The domestic price, I believe, is a little high, yes.

Senator KING. What is the price?

Mr. MULLALY. The material is selling anywhere from 90 cents a pound to \$1.25 a pound.

The CHAIRMAN. If the price were raised, would it decrease the number of moving pictures that we have?

Mr. MULLALY. You have nitrocellulose films. Nitrocellulose films average around 27 to 30 cents a pound, in competition with these cellulose acetate films. Any increase would naturally discourage the use of the cellulose acetate films.

Senator REED. Have not the imports of German films increased very much in the last couple of years?

Mr. MULLALY. I have no figures available on that. I am not connected with any photographic film business. My only interest in cellulose acetate is in so far as it can be used in the plastic field, or in the lacquer field.

Senator KING. Is that use very extensive in the plastic and lacquer fields?

Mr. MULLALY. It is becoming more so daily.

The CHAIRMAN. Do you want to go on to paragraph 38?

Mr. MULLALY. Paragraph 38.

The CHAIRMAN. What is the price of butyl acetate?

Mr. MULLALY. The last published price this week was \$1.32 per gallon.

Senator KING. In which paragraph is that?

Mr. MULLALY. Paragraph 38; included under esters. That would be divided by $7\frac{1}{4}$.

Butyl acetate has been increased from 25 per cent ad valorem to 7 cents per pound, an increase of over 100 per cent. Butyl acetate is one of the most important solvents used in the manufacture of lacquers. It is produced only from butyl alcohol, which is manufactured by but one concern in this country. Butyl alcohol is a raw material.

Senator KING. By only one person?

Mr. MULLALY. Only one concern.

Senator REED. It is made from fermentation of corn, is it not?

Mr. MULLALY. It can be made from the fermentation of corn, and it can be made by synthetic processes.

Senator REED. I have been told that it furnishes an outlet for from 8,000,000 to 10,000,000 pounds each year.

Mr. MULLALY. I am not sure of the exact figures, but I have a question whether that is going to be a problem in the future. That may go the way of the whisky. China's demand for it is increasing very fast.

We believe it would not be an increase in the rate of duty on this product if the domestic production had increased from 27,000,000 pounds in 1926 to 30,000,000 pounds in 1928, notwithstanding the fact that the rate of duty on this product is 7 cents per pound, as compared to 5 cents per pound for the consumer.

Senator REED. What is the duty for 1927 and 1928?

Mr. MULLALY. In the tariff schedule it is 6,000,000 pounds, if I am not mistaken.

Senator REED. About that?

Mr. MULLALY. We have no actual figures.

Senator REED. The production now?

Mr. MULLALY. The production in 1928 was 30,000,000 pounds. Those are rough figures. You will probably find a slight difference in the figures.

The CHAIRMAN. The duty in 1927 was 21 cents.

Mr. MULLALY. I think it was nearer 17 cents.

The CHAIRMAN. In 1927?

Mr. MULLALY. Yes.

Senator KING. I see the imports for 1928 were 678,000 pounds. That can not be right.

Mr. MULLALY. No. That would be 6,000,000 pounds.

The CHAIRMAN. There were 4,958,560 pounds, valued at \$679,499, or 13.7 cents per pound.

Mr. MULLALY. That was 1927?

The CHAIRMAN. Those were the imports for 1927. In 1928 there were 5,347,907 pounds, valued at \$701,820. The unit value was 13.1.

Mr. MULLALY. My next paragraph is paragraph 65, phosphorous oxychloride and phosphorous trichloride.

Senator KING. What paragraph?

Mr. MULLALY. Sixty-five. I believe that is a new paragraph.

The CHAIRMAN. No; it is not a new paragraph.

Mr. MULLALY. A new listing, anyway.

Phosphorous oxychloride and phosphorous trichloride have been transferred from paragraph 5 at a rate of 25 per cent ad valorem and made dutiable under this paragraph 65 at 6 cents per pound—an increase of approximately 100 per cent. These two products are used in the manufacture of plasticizers, exclusively used in the plastic and lacquer industries. The only reason we can see for this increase is that it would be for the benefit of the sole domestic manufacturer of these products.

Senator KING. Who is the sole domestic manufacturer of these products?

Mr. MULLALY. The Oldbury Chemical Works, of Niagara Falls. There is only one manufacturer of phosphorous oxychloride and phosphorous trichloride that we know of.

Senator KING. What is the name of it?

Mr. MULLALY. The Oldbury Chemical Works, Niagara Falls.

Senator REED. There were two plants, but the imports increased, the price went down, and one of them went out of business. Is that not right?

Mr. MULLALY. There was a small plant in Carteret that was not a complete manufacturer. Really, you might say, they finished some raw material which was turned over to them by Oldbury.

Senator REED. That was the Warner Chemical Co.

Mr. MULLALY. Yes.

Senator KING. Oldbury is doing all of it now, instead of turning part of it over to Warner?

Mr. MULLALY. Yes. In fact, they are to blame for the present low price.

Senator KING. That is for the benefit of the consumer, is it not?

Mr. MULLALY. Yes; but they blame us for it.

Senator KING. What have you to do with it?

The CHAIRMAN. Importations.

Mr. MULLALY. We import rather large quantities of it.

The next paragraph is No. 80.

The rate of duty on potassium nitrate or saltpeter refined has been increased by 1,000 per cent.

Senator KING. Is that citrate you are speaking of?

Mr. MULLALY. No; potassium nitrate, paragraph No. 80.

Senator KING. Nitrate of saltpeter? Is that what you are speaking of?

Mr. MULLALY. Yes.

The rate of duty on potassium nitrate or saltpeter refined has been increased by 1,000 per cent; that is, from one-half of 1 cent per

pound to 5½ cents per pound. The request for this increase is based on the cost of carrying on a process not now in operation and most unlikely to be used. Potassium nitrate refined is used in curing meat and in the manufacture of gunpowder and fireworks.

Senator KING. Who asked for it?

Mr. MULLALY. I think it was Batelle and Renwick.

Senator KING. They are manufacturers of chemicals?

Mr. MULLALY. Yes.

Senator KING. Where?

Mr. MULLALY. I think they have a plant in New Market, N. J.

Senator KING. Is there a considerable amount used in the United States?

Mr. MULLALY. Six thousand tons, or something like that.

Senator KING. Proceed.

Mr. MULLALY. Potassium permanganate is the next item, also under paragraph 80.

The CHAIRMAN. Potassium chlorate was increased from 1½ to 2½ cents a pound.

Mr. MULLALY. We have not anything to say on that. This simply, potassium permanganate.

Senator REED. Permanganate?

Mr. MULLALY. Yes. That has been increased from 4 cents per pound to 6 cents per pound. There is only one domestic manufacturer, and the uses of the product are many and varied. The plant of the sole producer of potassium permanganate is located far from the principal markets as well as from the sources of raw materials.

Senator KING. Where is it manufactured?

Mr. MULLALY. Some where out in the State of Illinois.

Senator KING. By which company?

Mr. MULLALY. By the Carus Co. It is located ungeographically and uneconomically, both from the standpoint of raw material and consuming markets.

The CHAIRMAN. What is that on?

Mr. MULLALY. Potassium permanganate.

Senator KING. That would be under the head of permanganate.

Mr. MULLALY. Yes; permanganate of potash is another name for it.

Senator KING. It was raised from 4 cents a pound to 6 cents a pound?

Mr. MULLALY. Yes.

Senator REED. What is it used for?

Mr. MULLALY. Well, they use it in the poultry business, to add to the water which thickens drink, for some reason or other. It is used as a bleaching agent, a deodorizer and decolorizer. It is used in the oil industries.

The next is paragraph 83—

The CHAIRMAN. This is a pigment, is it not?

Mr. MULLALY. No; I would not call it a pigment.

The CHAIRMAN. Is it not used in paints?

Mr. MULLALY. Permanganate?

The CHAIRMAN. Yes.

Mr. MULLALY. No; no more than you would use tincture of iodine for a paint. It happens to stain the same as iodine. It can be used in lithopone manufacture, you mean?

Senator KING. What do you mean by "lithopone"?

Mr. MULLALY. Permanganate of potash is used in lithopone manufacture. I do not know exactly where they use it.

Senator KING. Have you anything to say about potassium chlorate?

Mr. MULLALY. No, sir.

The next one is paragraph 88—

Senator KING. Have you anything to say about sodium and potassium, in paragraph 81?

Mr. MULLALY. You mean the metals? No; we have nothing to say at this time. We may file a brief in the future.

Senator KING. What paragraph are you coming to?

Mr. MULLALY. Eighty-three, sodium nitrite.

The Ways and Means Committee, in H. R. 2667, has adopted the increase of duty on sodium nitrate from 3 to 4½ cents per pound, made under the flexible provision of the tariff act of 1922. The competitive conditions existing at the time this increase was made no longer exist. The increase was made or based on the difference between the costs of production of one small producer of sodium nitrate in Seattle, Wash., and the costs in the principal competing country—Norway. The chief market is on our Atlantic seaboard. Since that time the plant of the domestic manufacturer in Seattle has been destroyed by fire and not rebuilt. Thus the conditions existing to-day are entirely different from the conditions existing at the time of the issuance of the presidential proclamation, and we believe that the increased duty is unwarranted and that sodium nitrate should be assessed a duty of not more than 1½ cents per pound.

Senator KING. It is in the basket clause now, at 25 per cent, is it not?

Mr. MULLALY. Nitrite; not nitrate.

The CHAIRMAN. Sodium nitrite.

Senator KING. What do you recommend it should be?

Mr. MULLALY. One and one-half cents a pound; not more.

In conclusion we wish to direct attention to a few of the products where the rates and duties should be lowered, in Schedule 1. Most of these products are essential raw materials—

Senator KING. You are coming now to what paragraph?

Mr. MULLALY. The whole schedule. This is just in conclusion. Most of these products are essential raw materials for some of the new and important American industries heretofore mentioned, namely, automotive, aviation, plastic, artificial silks, and lacquer industries.

Paragraph 4 provides for butyl alcohol at 6 cents per pound. Butyl alcohol is now produced in this country by only one manufacturer. Owing to the embargo duty of 6 cents per pound, there are no importations of butyl alcohol. Besides a monopoly of the domestic market, there is a growing export business to Canada, Europe, and the Orient, at prices considerably lower than the prices charged domestic industries. Butyl alcohol is perhaps the most important solvent used in the manufacture of lacquers for the automotive, aviation, and furniture industries.

According to the Summary of Tariff Information, production of butyl alcohol in the United States has increased from 14,250,000 pounds in 1924 to 43,800,000 pounds in 1926.

Paragraph 2 provides for ethylene glycol at the exorbitant rate of 6 cents per pound and 30 per cent ad valorem. Ethylene glycol is exported to Canada and European countries. The domestic consumption of ethylene glycol has increased from 10,000 pounds in 1922 to 11,700,000 pounds in 1927. Ethylene glycol is used in the manufacture of dynamite, as an antifreeze in automobiles, and as a cooling liquid in aeroplanes. The imports of ethylene glycol were approximately one one-hundredth of 1 per cent of the domestic production of 1928.

Carbon tetrachloride is provided for in paragraph 18 at 2½ cents per pound. The domestic production has increased from 11,166,000 pounds in 1922 to 16,550,000 in 1927, and the imports since 1920 have been negligible. According to the Summary of Tariff Information, the domestic unit price of carbon tetrachloride has remained stationary from 1924 to 1928; that is, at 6 cents per pound. Carbon tetrachloride is used chiefly as a solvent and also as a fire extinguisher.

Ethyl acetate is provided for in paragraph 38 at 3 cents per pound. This product is used very extensively as a raw material in the production of lacquers and pyroxylin plastics. The domestic production of this article has increased over 200 per cent from 1922 to 1927; that is, from 16,114,458 pounds to 49,203,156 pounds. The imports during this period have been negligible. In 1928 only 110 pounds were imported. In view of the increased necessity for this product and its lack of availability, we recommend a reduction in the prohibitive duty.

Sodium chromate and bichromate are provided for in paragraph 83 at 1¾ cents per pound. According to the Summary of Tariff Information, domestic production has increased from 18,169 tons in 1921 to 31,462 tons in 1927 and the imports were less than 1 ton during 1928. The exports, chiefly to the United Kingdom, Japan, and Canada, amounted in 1928 to 4,300 tons; that is, over 15 per cent of domestic production. We do not believe under these circumstances that duty is warranted.

We ask the privilege of filing a supplementary brief.

FORMIC ACID

[Par. 1]

STATEMENT OF JAMES M. GILLET, REPRESENTING THE VICTOR CHEMICAL WORKS, CHICAGO, ILL.

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. Mr. Gillet, were you before the House committee?

Mr. GILLET. Yes, sir.

The CHAIRMAN. Have you anything new to present to this committee?

Mr. GILLET. Yes, sir; we have.

The CHAIRMAN. Please present at this time whatever you have that is new.

Mr. GILLET. Senator, I represent the Victor Chemical Works, of Chicago.

Senator KING. Is that the concern that the paper this morning records as just having paid a stock dividend of more than \$1,000,000?

Mr. GILLET. No, sir; I have not heard of it.

Senator KING. That is the Vick Chemical Co., is it?

Mr. GILLET. This is the Victor Chemical Works.

Senator KING. Well, it is a chemical company?

Mr. GILLET. Yes, sir.

Since last fall we have been manufacturing formic acid in our plant in Illinois. We formerly manufactured it, but have not been manufacturing it since 1922.

We ask that the Senate increase the rate of 4 cents a pound provided by the House committee to 6 cents a pound.

Formic acid is a synthetic organic chemical that has not been manufactured in this country since 1922. During the period of license control it was manufactured here by us, and we were able to supply the entire domestic requirements. At the termination of the license control, however, we were forced out of business by foreign competition; and since that time no formic acid has been manufactured here until we started operations last fall.

The CHAIRMAN. Are you running full time?

Mr. GILLET. We are running on a rather small scale, Senator.

The CHAIRMAN. Are you running full time?

Mr. GILLET. Yes, sir; in a small plant.

The CHAIRMAN. What percentage now are you running of your plant?

Mr. GILLET. Mr. Chairman, we are making all the formic acid we can turn out. This is an experimental plant that we built last summer, and we are able to manufacture formic acid and sell it at present prices without a loss. So in the fall we added a little to it, and have gradually increased the plant; but is it not manufacturing now at a rate of over 90,000 pounds a month as compared with a total domestic consumption of about 300,000 pounds per month.

The CHAIRMAN. But you are operating at your full capacity?

Mr. GILLET. Yes, sir.

The CHAIRMAN. And are you selling your product at a loss now?

Mr. GILLET. No, sir. Since March of this year we have not been selling at a loss. We have not been making any profit. We believe if we can operate at a larger capacity we can make a small profit.

The CHAIRMAN. What is the rate on it to-day?

Mr. GILLET. To-day, 25 per cent ad valorem.

The CHAIRMAN. The House gave you 4 cents?

Mr. GILLET. The House gave us 4 cents; yes, sir.

The CHAIRMAN. What increase was the 4 cents?

Mr. GILLET. That amounts to about 2 cents a pound.

The CHAIRMAN. In other words, they increased the duty 100 per cent?

Mr. GILLET. Yes, sir.

The CHAIRMAN. Now you want it increased 300 per cent?

Mr. GILLET. We want it increased to 6 cents a pound; yes, sir. That is for this reason, Senator:

Every attempt that has been made to make formic acid in this country has been a failure because of foreign competition. Before the war there was one manufacturer who used imported sodium formate. His operations were discontinued during the war, and they

were not resumed. During the war the Rosenbluth Chemical Co., of Syracuse, N. Y., manufactured it to supply the demand that could not be supplied from abroad. Since the armistice was signed foreign imports came in again, and they were driven out of business.

During the period of license control we manufactured it. We got up to a production of 110,000 pounds per month, which at that time was sufficient to supply all the domestic requirements. Within 60 days after the termination of the license control the foreign formic acid had come in here in such quantities and was sold at such prices that we were forced to go out of business. It took just exactly 61 days from the termination of the license control.

Senator EDGE. Are you filing a brief that sets forth those facts?

Mr. GILLET. Yes, sir.

Senator EDGE. In a manner that would demonstrate to the subcommittee the actual cost of production abroad and delivery at the port in the United States?

Mr. GILLET. Yes, sir.

Senator EDGE. In comparison to your own cost? Is it all contained in your brief?

Mr. GILLET. We can not give you the exact figures of cost of the producers of formic acid abroad. We know the relation between the cost of formic acid and the cost of oxalic acid—we make them both—and of other organic acids. We know the foreign invoice price of the foreign imports that come in competition with our domestic product. We know that formic acid costs no more to produce than oxalic acid, and we know the figure at which oxalic acid is being brought in here. We know also that the American selling price of this formic acid is as high as it can possibly be in competition with substitute acids which can be used in most instances; and it is this competition with the other substitute acids that has kept the price of formic acid where it is to-day. So we can calculate, by what our costs of oxalic acid are, what the foreign costs of oxalic acid are; and the Tariff Commission, incidentally, has also had access to our books and to the foreign books; and we know that a duty of 6 cents a pound is necessary to keep us from being driven out of business by foreign competition.

The CHAIRMAN. What is the price of your formic acid?

Mr. GILLET. The price of formic acid to-day is from 10½ to 12 cents a pound, depending on quantity—that is, the imported formic acid.

The CHAIRMAN. What is the average invoice value of the oxalic acid?

Mr. GILLET. The oxalic acid invoice value from 1927 down to date is about 4½ cents a pound—4.6 cents per pound. We are able now to supply a substantial proportion of the domestic demand for formic acid. Another concern has just started manufacturing operations in Pennsylvania, and we know that we can make the acid and sell it at present prices, at prices no higher than consumers have been charged for the foreign material, and not lose any money, and possibly make a small profit.

Senator KING. What is the capital stock of your concern?

Mr. GILLET. I do not know, sir.

Senator KING. You do not know?

Mr. GILLET. No, sir. I am in charge of commercial research.

Senator KING. What dividend did you pay last year--1928?

Mr. GILLET. I do not know that. We paid no dividend on formic acid or oxalic acid.

Senator KING. But what dividends has your company paid?

Mr. GILLET. I do not know.

Senator KING. You paid dividends; did you not?

Mr. GILLET. I hope so. I do not know. I think so.

Senator KING. Are you an officer of the company?

Mr. GILLET. No, sir. I am in charge of the commercial research of the company.

Senator KING. Have you any stock?

Mr. GILLET. No, sir.

Senator KING. You do not know what dividends were paid?

Mr. GILLET. I do not know.

Senator KING. You do not know what the capital stock is?

Mr. GILLET. No, sir.

Senator KING. Do you know whether there has been any increase in the investment as a result of the utilization of surplus and profits for that purpose during the past five or six years?

Mr. GILLET. There was a bond issue for increase in plant capacity in our Tennessee plant.

Senator KING. That was sold to the public?

Mr. GILLET. Yes, sir.

Senator KING. How many plants have you?

Mr. GILLET. Two.

Senator KING. Where are they?

Mr. GILLET. Chicago Heights, Ill., and Nashville, Tenn.

Senator KING. They have been enlarged?

Mr. GILLET. The Nashville (Tenn.) plant has been enlarged.

Senator KING. When was that plant built?

Mr. GILLET. That was built first in 1920.

Senator KING. And has been enlarged?

Mr. GILLET. It has been enlarged; yes, sir.

Senator KING. How many times?

Mr. GILLET. Once that I know of.

Senator KING. Only once?

Mr. GILLET. Yes, sir.

Senator KING. What was the cost of the enlargement?

Mr. GILLET. The bond issue was a million and a quarter dollars.

Senator KING. There was no new capital put in except that which resulted from the sale of bonds?

Mr. GILLET. I can not say, sir. I do not know.

Senator KING. What else do you make beside formic acid?

Mr. GILLET. We make oxalic acid, phosphoric acid, calcium phosphate, sodium phosphates, the formates, the oxalates, and some miscellaneous specialty products that are of small importance.

Senator KING. The manufacture of formic acid is a simple process, is it not—merely heating caustic soda with carbon monoxide under pressure?

Mr. GILLET. That makes sodium formate, Senator.

Senator KING. Exactly; from which either formic acid or oxalic acid may be made by subsequent treatment?

Mr. GILLET. Correct.

Senator KING. And you make oxalic acid?

Mr. GILLET. Yes, sir; we do.

Senator KING. There is a tariff on that?

Mr. GILLET. Yes, sir.

Senator KING. What is the duty on that?

Mr. GILLET. Six cents a pound.

Senator KING. And you want a sort of a parity; you want to have the same tariff on formic acid that you have on oxalic acid?

Mr. GILLET. Well, we know the Tariff Commission has found that a 6-cent duty on oxalic acid does not really equalize the cost of production here and abroad. We know that our cost of oxalic acid is slightly greater than our cost of formic acid. Therefore the foreigner must be in the same position on formic acid that he is on oxalic acid.

Senator KING. I say, you want the same tariff on formic acid that you have on oxalic acid?

Mr. GILLET. Yes, sir.

Senator KING. They are made from the same products?

Mr. GILLET. Yes, sir; from the same basic raw material. There is a slight difference in the process.

Senator KING. Three million pounds was the estimated consumption in 1922?

Mr. GILLET. Of formic acid?

Senator KING. Yes; of formic acid.

Mr. GILLET. I think that is a little overestimated, Senator. We supplied all the formic acid that was used during the period of license control.

Senator KING. I am reading from the Tariff Summary, page 24, and it so states. What is the consumption now?

Mr. GILLET. The consumption now is about 3,000,000 pounds. At that time it was about a million or a million and a quarter.

Senator KING. Three million pounds. I am only reading from the statement here. Were you manufacturing it in 1922?

Mr. GILLET. We were manufacturing both formic acid and oxalic acid in 1922.

Senator KING. In 1922 the imports were 255,000 pounds. How much did you manufacture then?

Mr. GILLET. We manufactured approximately 700,000 pounds during the year 1922.

Senator KING. As against 200,000 pounds imported?

Mr. GILLET. Those 200,000 pounds imported all came in after September 22, when the embargo on formic acid was removed; and before the end of 1922 we were out of business.

Senator KING. How much did you make last year, 1928?

Mr. GILLET. We made about 300,000 pounds.

Senator KING. What did you make the year before?

Mr. GILLET. None.

Senator KING. So you are just starting out now?

Mr. GILLET. We are just starting out, Senator. We have worked long enough, though, to know what our costs are.

Senator KING. Do you utilize the same machinery that you utilize in the manufacturing of your other products?

Mr. GILLET. We take advantage of excess capacity for the production of sodium formate.

Senator KING. In connection with the manufacture of oxalic acid?

Mr. GILLET. Yes, sir.

Senator KING. You have your plant?

Mr. GILLET. The oxalic plant; yes, sir.

Senator KING. You did not construct a special plant for the manufacture of formic acid?

Mr. GILLET. Yes; we did.

Senator KING. When?

Mr. GILLET. In 1928 we constructed a plant to convert sodium formate to formic acid. That requires somewhat different machinery and operations from the manufacture of oxalic acid.

Senator KING. What did that plant cost you?

Mr. GILLET. Altogether, the plant cost us about \$100,000.

Senator KING. Where was that plant put up?

Mr. GILLET. The plant was put up at Chicago Heights, next to our oxalic plant.

Senator KING. And it is utilized for other purposes, too; is it not?

Mr. GILLET. No, sir; not that portion of the plant.

Senator KING. It is used only for the manufacture of formic acid?

Mr. GILLET. Yes, sir.

Senator KING. Was that plant erected from profits which had not been distributed as dividends?

Mr. GILLET. I presume it was. I do not know.

Senator KING. You have no idea what dividends your company paid in 1928, 1927, 1926, and 1925?

Mr. GILLET. No, sir.

Senator KING. I will put that into the record a little later. That is all.

Mr. GILLET. Remember, Senator, that we are the Victor Chemical Works, and not the Vick Chemical Works.

Senator KING. I shall be able to differentiate between the chemical companies.

Mr. GILLET. Senator, may I file a brief that contains some of the information that was in our House brief, and some further information that has developed since that brief was filed?

The CHAIRMAN. Can you separate that part of it?

Mr. GILLET. I can; yes, sir.

The CHAIRMAN. Separate it, then, and put whatever part is new in the record, and the clerk will hand it to me.

Mr. GILLET. May I give it to the clerk later in the day, or tomorrow?

The CHAIRMAN. Yes—to-day.

Mr. GILLET. Thank you.

LIQUID CARBONIC ACID GAS

[Par. 1]

STATEMENT OF A. EDWIN FEIN, REPRESENTING SPARKLETS (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. FEIN. Mr. Chairman, I am president and general manager of Sparklets (Inc.), New York.

The CHAIRMAN. Do you manufacture gas alone?

Mr. FEIN. We manufacture sparklets, siphons, and fruit sirups; but in conjunction with that at the present time we are compelled to import from Europe a small steel shell containing carbonic-acid gas on which this sparklets siphon is predicated for its operation.

The CHAIRMAN. Did you appear before the House committee?

Mr. FEIN. We had a brief, but this is some supplementary information, with a request to file additional material in support of the original application, showing its increasing importance to the industry with which this particular development is now associated.

The CHAIRMAN. You may proceed.

Senator KING. Do you want to appear in behalf of carbonic acid?

Mr. FEIN. Carbonic-acid gas, Senator, is but a component part of our total manufacturing process; and that part we import at the present time from Europe, primarily because of our inability to manufacture a steel shell in the United States. We have been in contact with all the steel manufacturers; we have been in contact with about seven of the Government departments over the last three years; and we are now confronted with the necessity of increasing the price to the consumer, if we can not get tariff relief, because of the continued capital loss involved in our operations.

Senator EDGE. Has the container been on the free list?

Mr. FEIN. No, Senator. It has been on the dutiable list under general anhydrides, under paragraph 1, with a classification of 25 per cent ad valorem.

Senator EDGE. And you are asking for what, Mr. Fein?

Mr. FEIN. We are asking that liquid carbonic-acid gas under pressure, with its container, be transferred to a classification and placed on the free list, because it is not competitive with any American-made product, and can not be made in this country.

Senator EDGE. That is, the container?

Mr. FEIN. The container; not the siphon. The siphon is made in our own plant at Newark, and the sirups are made in our own plant at Brooklyn, N. Y.

Senator KING. Let me see if I understand you. I do not want to misunderstand you.

You want a certain product or commodity, the container, transferred from the ad valorem dutiable list to the free list?

Mr. FEIN. Yes, sir. That container, Senator, is but a component part of a unit which is made in this country.

Senator EDGE. Do I understand from you that it is impossible, in any of our manufacturing plants, to produce the metal—I presume it is metal—which formulates the container so that the gas can not escape, or whatever your technical term is?

Mr. FEIN. The situation is this, Senator:

We have been in contact with the National Research Council; we have been in contact with the Mellon Institute of Industrial Research; we have been in contact with the Bureau of Standards; we have been in contact with the Iron and Steel Institute; and we have been referred, through those agencies, to a great many of our prominent steel manufacturers. We have been negotiating and contacting with these steel manufacturers for a period of three years. Some of those manufacturers have gone to thousands of dollars of expense to try to match this product in the United States, and have given the thing up as a hopeless job, because of the fact that they can not make the steel

shell, which requires such tremendous tensile strength as a protection to the consumer, out of such fine steel.

Senator EDGE. You tried their various products?

Mr. FEIN. Yes, sir. As a matter of fact, we recorded in our original application to the Ways and Means Committee, when it was filed in the House of Representatives, the names of a great many of those manufacturers who have found it absolutely impossible to match that product in any way.

The CHAIRMAN. The House bill provides for this in the basket clause, and gives you a duty of 25 per cent.

Mr. FEIN. Twenty-five per cent ad valorem on general acids and anhydrides.

The CHAIRMAN. That is what I say. It falls under that schedule, and carries a duty of 25 per cent.

In your statement before the House committee you said that the actual cost of production in England of this same gas runs from 5½ to 6 cents per pound; and in order to transport this gas, which is under 1,000 pounds pressure, it is essential that the gas be compressed in steel cylinders of a minimum tensile strength of 3,000 pounds per square inch.

Mr. GILLET. Senator, that is the commercial application of the product. Carbonic-acid gas at the present time is sold in this country in only two ways. One is for commercial use, in connection with soda-fountain use. In other words, when you get a glass of soda-water at a fountain, that water is charged with carbonic-acid gas; and that gas is produced in large steel drums with 50 pounds of gas, having a gross weight of the drum and the gas of 160 pounds.

We pointed out in our original application before the House committee the physical impossibility and the financial impossibility of bringing that gas into this country in competition with the American-made product, even though it were sold at the port of exportation absolutely without charge, because of the cost of transportation and the capital invested in those cylinders.

The only other way in which that gas is brought into this country is in conjunction with the little Sparklet bulbs that we use as an integral part of the Sparklet siphon. I brought a siphon down just as a matter of exhibition, to show you how the product is used.

That gas is compressed in these small steel cylinders at a pressure of a thousand pounds. Those steel cylinders, because they have no control valve to release the gas in the event of expansion, and to make them absolutely safe for the consuming public, must be designed to withstand a pressure of 10,000 pounds.

May I have the privilege of showing you just how that product is used, Senator?

The CHAIRMAN. Yes.

Senator EDGE. You refill these cylinders on this side, do you?

Mr. FEIN. We do not, Senator. They are discarded. The cylinders can not be refilled. In other words, the cylinder is just used as the container for the gas when it is used by the American public.

The CHAIRMAN. You return it to England, however; do you not?

Mr. FEIN. No, sir. They are destroyed; they are discarded after they are used.

Senator KING. Is not that a great waste?

Mr. FEIN. It is a great waste; but the cost of refilling these things and the cost of transporting them back to a factory for refilling, and the cost of machinery for refilling these things, is so tremendous that the amount of money that we would be in a position to refund the consumer for the return of these cylinders is so small that it would be out of the question.

The CHAIRMAN. Then the item that you are showing us has no reference to this part of your testimony, where you say that the value of the steel cylinders holding this gas is approximately \$24 per unit, and that these cylinders are the property of the gas manufacturer, and after the gas has been used they are returned to the gas manufacturer for refilling?

Mr. FEIN. That is the commercial application. This is the domestic application which is used in connection with a process that has now been devolved for making ice-cream in electric and gas refrigerators—something that has not been accomplished heretofore in the history of the industry. That industry, incidentally, runs about \$200,000,000 a year. We are using the same cylinder now for aerating or charging waffle batter, with the result that we provide the public with a batter that is lighter in weight, eliminates baking powder, and at the same time gives you a waffle which remains crisp for 24 hours, as against the standard waffle, which remains crisp for about two or three minutes.

Senator EDGE. Mr. Fein, your unqualified statement here is that if the carbonic-acid gas in these containers that you have described were put on the free list, it would save the duty of approximately 1½ cents per pound. That would be saved to the American consumer through the reduction in price?

Mr. FEIN. Yes, sir.

Senator EDGE. And there is absolutely no competitive product in this country that can take its place?

Mr. FEIN. Absolutely. We have filed sufficient evidence with the committee, and, with the supplementary evidence that we have, which we desire to file with the Finance Committee of the Senate, we can prove positively and through the collaboration and corroboration of the Government departments that we have made exhaustive investigations to try to duplicate that product in this country.

This product, Senator [indicating siphon], is made in this country; and it requires for its operation this little steel bulb. That steel bulb is under pressure. It contains liquid carbonic-acid gas. That is a domestic application, in the home, of carbonic-acid gas. That shell, discharged through a steel pin in this siphon, makes it possible for ice-cream mixtures to be so aerated as to freeze in electric and gas refrigerators without crystallization and without stirring, and at an economy representing about half of the cost of the commercial ice cream to the consumer. It involves also the necessity for the consumer utilizing whipping cream, eggs, and sugar, and at the same time fruit flavorings for the different flavors of ice cream.

In connection with waffle batter, you put the milk and other ingredients in the siphon, charge it, and it is kept there in a hermetical seal, because this siphon is hermetically sealed until it is ready for use. The carbon dioxide gas acts as a sterilizing agent in preserving that batter for four or five or six days, so that the consumer, instead of

wasting batter, as occurs at the present time, because of exposure to the air and the introduction of bacteria in the air, may keep that batter in the siphon for four or five or six days, discharge as much as he wants, and eat as many of those waffles as he wants when he wants them, and they are perfectly light and perfectly crisp.

Senator KING. This takes the place, then, of all forms of baking-powder?

Mr. FEIN. All forms of leavening agents.

Senator KING. And the old form of emptyings that we used to have in the olden days for the raising of bread?

Mr. FEIN. Yes; because carbon dioxide is a natural product released from fermentation, and takes the place of yeast for raising purposes.

Senator KING. How do you use that little bulb?

Mr. FEIN. The liquid or mixture is first put in that siphon, and then that bulb screws down there. [Demonstrating with siphon.] Do you hear that gas? That gas has been discharged. It requires a minimum strength of 10,000 pounds to hold that gas under pressure in there, because of the expansion due to heat. In a room like this the gas might expand to 2,000 pounds pressure. We ship these bulbs by parcel post, by express, by rail, and by steamer; and they are so perfectly safe that we have never had one of them break. If one of them did break, it would drill a hole right through this wall; so, for that reason, we have to design these bulbs so as to stand a minimum pressure of 10,000 pounds.

Senator KING. In the interest of conservation, do you not attempt to use the bulbs again?

Mr. FEIN. It is not practical, Senator, for this reason: Those bulbs being under such high pressure, the metal cap or closure is drilled down under hydraulic pressure, with the result that it is impossible to draw out that cap once it is put in there.

Senator KING. The cap could be melted again and be used for the manufacture of more bulbs or other steel products; could it not?

Mr. FEIN. Do you mean the steel itself?

Senator KING. Yes.

Mr. FEIN. No, sir; because the steel bulbs themselves are annealed, and they are drawn seven times in the operation from sheet steel.

Senator KING. It does seem to me that if you produced any great number of them, the waste would be very considerable. While of course it is not very great in one bulb, if you manufactured millions and millions of them, if the industry spreads, there would be a considerable waste of steel.

Mr. FEIN. That is true; yet, at the same time, it is a physical impossibility to bring those things back, because you must bear in mind, Senator, that if these things get in the hands of the consumer he may be located at Oshkosh, or San Francisco, or some place in Texas, and the cost of transporting these things back to the factory would not pay us for the salvage value of the steel.

Senator KING. Have you examined paragraph 2 of the bill as it has been passed by the House?

Mr. FEIN. No, sir; I have not.

Senator KING. Just look at it. Is that the one in which your products are involved [handing bill to witness]?

Mr. FEIN. No, sir; we have no classification. As a matter of fact we come under general anhydrides. There is no classification at the present time in the Tariff Act of 1922 for carbonic-acid gas.

Senator KING. Do you not think we ought to reduce that tariff of 25 per cent ad valorem? We are saving you something now by putting this on the free list. Why should there not be a compensatory relief for the consumers on the other rates, on the basket clause of 25 per cent ad valorem?

Mr. FEIN. I do not quite follow you, Senator.

Senator KING. You are asking now for this to be transferred to the free list. This is used in the production of your product?

Mr. FEIN. Yes, sir.

Senator KING. If your product, with the duty which you are now paying upon this, commands a duty of 25 per cent ad valorem, and we put it upon the free list, why should we not reduce the 25 per cent?

Mr. FEIN. This product here, Senator [referring to siphon], is made in this country. It is not imported. This is the only product that we are importing—that little steel shell.

The CHAIRMAN. Thank you, Mr. Fein.

STEARIC ACID, OLEIC ACID OR RED OIL, AND GLYCERINE

[Pars. 1 and 43]

STATEMENT OF JAMES A. BURNS, REPRESENTING THE NATIONAL ASSOCIATION OF STEARIC ACID MANUFACTURERS

Mr. BURNS. Senator, if I am the next one to be called, I desire to state that our brief is a joint one with the National Association of Stearic Acid Manufacturers. In order to save the time of this committee I will not present two briefs or two statements. Mr. Jordan, of the Emery Industries, will now speak on our question, if you do not mind.

STATEMENT OF F. F. JORDAN, CINCINNATI, OHIO, REPRESENTING EMERY INDUSTRIES (INC.) AND THE NATIONAL ASSOCIATION OF STEARIC ACID MANUFACTURERS

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. Mr. Jordan, you appeared before the House committee, did you?

Mr. JORDAN. Yes, sir; on two paragraphs, paragraph 1 and paragraph 43. As they are joint products, we saved speeches by combining them.

The CHAIRMAN. Have you anything new to present that you did not present to the House?

Mr. JORDAN. Yes, sir.

The CHAIRMAN. I want you to confine your statement to that, because we have your statement in the hearings before the Ways and Means Committee.

Mr. JORDAN. In addition to the remarks I have to make we have also filed two supplementary briefs, which are very short, but which cover the late periods, and change the entire picture so far as importations are concerned on both of these products—stearic acid, red oil, and glycerine.

The CHAIRMAN. Do you mean that changes have occurred within a few months?

Mr. JORDAN. Yes, sir.

The CHAIRMAN. What caused the change?

Mr. JORDAN. Heavy importations of the products manufactured abroad.

The CHAIRMAN. The cost of manufacturing in this country has not changed; has it?

Mr. JORDAN. Yes, sir.

The CHAIRMAN. Does it cost more or less now?

Mr. JORDAN. Slightly less. Our cost of manufacture depends upon the price of tallow and the smallness of our volume. Tallow has dropped, but the price of manufacturing the product, the working cost, has gone up, due to our lack of volume, as we have lost a great share of our market to the European competitors.

The CHAIRMAN. Then is it a fact that you are producing it cheaper, or is it costing you more to produce than when you appeared before the House committee?

Mr. JORDAN. I have not the exact figures. The one may offset the other, but I am not sure. The raw material is lower, but the other cost has risen sharply.

We have never appeared before Congress asking for duties, but in 1922, when a duty was placed upon tallow, we were granted a compensatory duty of $1\frac{1}{2}$ cents on stearic acid, and $1\frac{1}{2}$ cents on oleic acid. We were able to take care of ourselves prior to the Great War; but after it was ended there had been such an upheaval in war values that we found ourselves out of line as far as competing with foreign manufacturers was concerned.

The big importations in stearic acid began in 1925, in the fall, when a low-melting-point stearic acid, which has been termed by the Government "pseudo stearic acid," and commonly called stearine, entered in tremendous volume. We cooperated with the Treasury Department, and had it declared to be not stearic acid such as was understood when the tariff act of 1922 was passed, and therefore it was dropped into the basket clause at 25 per cent ad valorem. This decision was confirmed late in 1927 by the Court of Customs Appeals; so that under the tariff act of 1922 we now have two rates of duty on stearic acid— $1\frac{1}{2}$ cents on the higher grade, and 25 per cent ad valorem on the lower grade.

Both of these duties have proved inadequate. In 1928 we had the peak year of importations from abroad, when over 2,600,000 pounds entered this country. Thus far in 1929, or up to June 1, inclusive—

The CHAIRMAN. What was your production in 1928?

Mr. JORDAN. In 1928, I should say somewhere in the neighborhood of 120,000,000. We do not have the exact figures.

Senator KING. One hundred and twenty millions?

Mr. JORDAN. One hundred and twenty millions of pounds of grease put through the plant. You see, it is divided up into component parts. The production of stearic acid alone would be in the neighborhood of 40,000,000 pounds last year.

The CHAIRMAN. Forty-four million two hundred and seventy thousand?

Mr. JORDAN. I should think that was correct. It was less this year.

The CHAIRMAN. What were the importations?

Mr. JORDAN. I think about 2,500,000 pounds.

The CHAIRMAN. That is a little less than 5 per cent?

Mr. JORDAN. Yes, sir.

Senator KING. I find here, in the Tariff Summary, 2,000,000 pounds for 1928.

Mr. JORDAN. It was more than that. Some of those low melting-point stearic acids had come in and were not entered. The corrected figures will show you somewhat in excess of 2,500,000 pounds. You see, the Treasury Department decision changed the picture somewhat. That had entered under various names before.

In 1929, however, up to June 1, inclusive, the importations of stearic acid and stearine have amounted to 23 per cent of our domestic sales. Forty-four per cent of that amount entered at the duty of 1½ cents per pound and 56 per cent entered at 25 per cent ad valorem. The 25 per cent rate has been applied all the time during 1929.

We find this burden greater than we can bear. I happen to represent an industry which has lost money—

Senator KING. Do you mean the 25 per cent?

Mr. JORDAN. No, sir; the importations. Our industry has lost money continuously since the close of the World War. In 1928 we did our best to meet their prices, and we shut out a good bit of it, but at such a cost that we could not continue it any longer. Had we not lowered our prices much below cost to compete with them last year, the importations would have been much greater. They are entering this year at an increasing rate. For the first period they were about 15 per cent—we will say the first two weeks of 1929. The last two weeks they were in the neighborhood of 30 per cent, and it is our opinion that if we are not granted adequate tariff protection we will lose from 35 to 40 per cent of our market before the calendar year 1929 is ended.

After the cartel was formed in Europe against which we are now competing, we found that they were able to undersell us on both stearic acid and red oil in the United States. In other words, we are not able to compete on either product. They are companion products. The one must be produced in order to produce the other. Our European competitors will make a drive on either market, depending upon which one they think it is most advantageous to try for.

We would respectfully recommend that we be granted this measure of relief; that the language of the new tariff bill shall contain this clause:

Fatty acids not specially provided for, and mixtures in chief value of fatty acid or fatty acids, 50 per cent ad valorem.

We believe that this duty that we have asked for is fair to our European competitors, to the users in the United States, and to our manufacturers.

For example, I shall take an offer made this year, last week, for the highest grade of stearic acid produced in Europe over the balance

of this year, 50 tons monthly, of 11.30 cents per pound c. i. f. New York. If the $1\frac{1}{2}$ cents duty is added to that, it makes the price 12.80, or 5 cents under the domestic price to-day, which is also the price at which we manufacture at a loss. If the 25 per cent ad valorem should be applied, we would be 3 cents under. If 50 per cent ad valorem were applied, they would still undersell us on to-day's market by 1 cent a pound; and we are to-day enjoying the lowest fat market that we have had in recent years.

The lesser grades of stearic acid would accord a similar advantage to our foreign competitors.

Red oil, or oleic acid, is selling in Europe to-day at approximately $7\frac{1}{2}$ cents per pound, loose. A duty of 50 per cent ad valorem could be levied against that product brought into this country, and the domestic manufacturer would find that it just about equaled his cost of production of the red oil in the United States.

It is vitally necessary that these products be protected if our industry is to go on, and it is an old industry. Some of our firms are more than 100 years old. I personally went to Europe last year to investigate the reasons why we could be undersold 5 cents a pound. To-day they are underselling us from 2 to 6 cents per pound on stearic acid, and more than a cent a pound on red oil. Red oil has been offered in the United States in tank steamers at $8\frac{1}{2}$ cents per pound, duty paid. The bulk price for red oil in tanks in the United States is $9\frac{1}{2}$ cents at New York, the point at which delivery was specified in the quotation I am citing you. The 50 per centum ad valorem duty could be imposed on these products, and it would still not shut out the European imports entirely. All we would hope to do would be that it would reduce them to their pre-war percentages.

The Ways and Means Committee considered our case, and struck out the language of paragraph 1, Schedule 1, the item "stearic acid, oleic acid," which automatically drops them into the basket clause, and would recommend that they be subject to a duty of 25 per centum ad valorem. In the face of the competition which the European cartel is giving us to-day, the 25 per centum ad valorem would be inadequate.

The CHAIRMAN. What is your price to-day?

Mr. JORDAN. It would depend upon the grades. The cheapest grade of stearic acid to-day would sell at $14\frac{1}{2}$ cents per pound in carload lots.

The CHAIRMAN. Fourteen and three-fourths cents?

Mr. JORDAN. Yes, sir.

The CHAIRMAN. That is virtually $3\frac{1}{2}$ cents per pound—25 per cent ad valorem, falling in the basket clause?

Mr. JORDAN. Somewhat less than that, I think.

The CHAIRMAN. Well, if it was 15 cents it would be $3\frac{1}{2}$ cents per pound.

Mr. JORDAN. Yes; approximately that figure.

The CHAIRMAN. The present law is $1\frac{1}{2}$ cents; is it not?

Mr. JORDAN. Yes, sir. I think it amounts to about 12 per cent ad valorem.

The CHAIRMAN. The House has given you 100 per cent increase, has it not?

Mr. JORDAN. Yes, sir.

The CHAIRMAN. A little more than that; and still you want another 100 per cent increase?

Mr. JORDAN. Yes, sir. We asked originally for what we thought would protect our products. You see, 56 per cent of the 4,000,000 pounds that have entered already this year were assessed 25 per cent ad valorem. It has applied on a greater share of the importations all through 1929. At the 1½ cents per pound duty we are undersold 5 cents on the higher grades, the triple-pressed. I know that the triple-pressed stearic acid to-day is selling at 10 cents in Europe; and if the 50 per cent ad valorem duty were applied against that on the other side they could still sell it over here and undersell us on the same grade 3 cents a pound.

Senator EDGE. Why, if it costs 15 cents?

Mr. JORDAN. In an investigation that I conducted in Europe I found that they had, as a minimum, 2½ cents per pound of an advantage on fats. The American producers use only hog fat, sheep tallow, and cattle tallow, produced by practically every State in the Union. I have cited, in the brief, testimony given by our European competitors when pseudo-stearic acid was settled by the Treasury Department, and later by the Court of Customs Appeals, in which they say that their raw materials are Chinese vegetable tallow, cocoa butter, fatty acids, palm oils, and bone tallows.

Senator KING. Does that satisfy the trade?

Mr. JORDAN. Over there; yes.

Senator KING. Here?

Mr. JORDAN. It would satisfy a portion of the trade here. Some of the trade it would not satisfy, on account of the flash point that would result in the red oil. It would cause fires in the woolen mills.

Senator KING. Why can you not produce the same quality, like oleomargarine as against butter? Some people use oleomargarine and others use butter.

Mr. JORDAN. It would be impossible for us to bring in the Chinese vegetable tallows at the same price that they can bring them in.

Senator KING. Why?

Mr. JORDAN. Well, there are a number of reasons. There are shipping reasons, to begin with, and the fact that when people buy Chinese vegetable tallow over here they may order 100,000 pounds and get one-third of it. It is too uncertain a market. Another thing is—

Senator KING. Do you mean to say that they can buy cheaper in the foreign market than we can? Is that what you mean—that their business men are sharper people in the purchase?

Mr. JORDAN. Well, we would have a haul from San Francisco to the plants—

Senator KING. Not necessarily. You could come through the canal around to the Atlantic ports.

Mr. JORDAN. Those quotations are all based on the Pacific coast. We could in turn have it hauled around, but it would be of no advantage to us. We are located in Cincinnati. You see, some of the plants are in the interior, and some are on the coast, but this is the big point in the United States: The biggest outlet for red oil is in the textile industry, for the washing of wools; and there is a fixed flash point below which red oil can not go.

Senator KING. That inferior quality of which you are speaking is not purchased by the textile manufacturers here because of its inferior quality?

Mr. JORDAN. No; it would go into other lines, but we must make a red oil which is acceptable there, as that is by far our largest market. We are absolutely limited to the fine tallows produced in this country.

Senator KING. Yes; but I am differentiating between the superior and the inferior, what you have denominated the pseudo qualities. The pseudo qualities are not used by the textile industry?

Mr. JORDAN. There is no pseudo red oil. It is just stearic acid. I am speaking in terms of red oil only.

Mr. JORDAN. The high grade and the low grade stearic acid in the United States is made from the identical fats, the same mixture. The thing that makes it a higher grade is an additional pressing. It may be pressed twice, it may be pressed three times, or it may be pressed four times. But the tallow is just the same.

Senator KING. Your complaint, as I understand, is that they purchase some fats abroad that you do not purchase?

Mr. JORDAN. Yes; the fats that they use in their mixtures cost 2½ cents as a minimum less than the fats that we must use in the United States, although the two fats are not identical.

Senator KING. But the same field is open for you to purchase as it is for them?

Mr. JORDAN. No.

Senator KING. You can not purchase in China?

Mr. JORDAN. When we discovered this information that it calls for vegetable tallow we put it out to the biggest brokers in the United States and they told us they could not guarantee delivery on Chinese vegetable tallow.

Senator KING. How is it that they get it?

Mr. JORDAN. That is something that I do not know.

Senator KING. You know that the American business man to-day stands better in China than do the English or the Germans or any others. There is a greater sympathy for the United States, for many political reasons as well as industrial reasons; there is a greater sympathy in China for Americans than there is for European nations. So that if you do not buy there it is simply because you are not using the facilities which are open to you, in my opinion.

Mr. JORDAN. Well, we could not use them, Senator. You see the larger yield is red oil, and if we use vegetable fats in our manufacture in this country we could not sell our red oil. We could probably sell the stearic acid in certain large points, but we would have to dump the red oil, and that is the greatest portion of our production.

Senator KING. Do they sell the red oil to these people here?

Mr. JORDAN. Do they sell their red oil here?

Senator KING. Yes.

Mr. JORDAN. They sell their higher grade of red oil here, triple pressed; it is made perhaps from bone tallow. Last year a little came in, 100,000 pounds, at 12 cents, which would be 3 cents under the price of triple-pressed red oil in this country. Just about 100,000 pounds came in.

Senator KING. Briefly, state what purposes, aside from lubrication, your products are applied to. They are applied to textiles?

Mr. JORDAN. Of course one is a solid and the other is a liquid.

Senator KING. I understand.

Mr. JORDAN. The lubricating trade is a large one.

Senator KING. That is for locomotives?

Mr. JORDAN. Yes, sir; it is that new heavy grease that is made with stearic acid. It is used by the rubber trade. That is the largest use, as an accelerator.

Senator SMOOT. It is used in the manufacture of candles.

Mr. JORDAN. It is used in the manufacture of facial creams, shaving soaps, as a base for buffing compounds.

Senator KING. For paint, varnish, ink, and so forth?

Mr. JORDAN. Yes, sir. The largest use for red oil is in the textile trade. It is also used in the manufacture of nonchatter oils and lubricating oils.

Senator KING. It is used for soaps, shaving soaps, manufacturing of buffing products, chalk, crayon, and so forth?

Mr. JORDAN. That is stearic acid.

Senator KING. Yes. So that any augmentation of the price would be reflected in increased price in all of those other commodities in which it is used, so that they, in turn, would come here for a compensatory duty, would they not?

Mr. JORDAN. I think not. That was not the case when we were granted our first duty in 1922, and would not be to-day. I am quite sure that if we were allowed to manufacture the stearic acid that is used in the United States, and get back our Canadian markets, our Mexican markets and our South American markets, that our volume of production would be so increased that we could sell stearic acid cheaper to-day than we do.

Senator SMOOT. How is it that the exports are about equal to the imports?

Mr. JORDAN. The exports that we have to-day in stearic acid have been highly specialized. They go almost entirely to two points. One is to Japan, where the facial cream is quite different from the type that is used in the United States, and requires a straight animal fat base. Therefore our stearic acid is specified, and they pay more for it than they would have to pay for European. The other outlet is in South and Central America, where they manufacture paraffin matches. And stearic acid manufactured from straight animal fat will absorb much more paraffin than will stearic acid manufactured from a little bit of animal fats and a great proportion of vegetable fats. And the paraffin costs very little, the stearic acid costs much more. The American stearic acid takes a greater amount of paraffin than the European. Therefore they will give us a premium for our product. However, the European high-grade stearic acid has gone down so low in price that we are now losing all those markets. We have practically lost all of the Canadian market. We are only operating to 30 per cent capacity in our industry.

Senator SMOOT. Was there anything else you wanted to state?

Mr. JORDAN. I want to speak on paragraph 43, glycerin. It will take about two minutes to cover the points.

Senator KING. You testified concerning glycerin before the House?

Mr. JORDAN. Yes, sir. And supplementary information has been filed, but not the information that I would like to give you at this time.

Senator SMOOT. I see that you have repeated a great deal of what is in the brief in the House. It is not exactly worded alike, but it covers exactly the same.

Mr. JORDAN. I had to answer the questions.

We appeared before the Ways and Means Committee and asked that the tariff on glycerin be raised from 1 cent on crude to 4 cents, and from 2 cents on refined to 6 cents. We were very much dismayed to find that we were accorded no relief.

Senator KING. You wanted 400 per cent on the crude and 200 per cent on the other?

Mr. JORDAN. Another way of putting it is that we would like to have a duty which would equalize our manufacture to the differences that exist in Europe. Their labor there is about \$10 a week. Our labor here is \$25 to \$30 a week. The fats that they use are about 2½ cents less per pound than the fats that we can use in this country. During the first quarter of 1929 almost as much glycerin entered this country as entered during the entire year 1928. It amounted to 20 per cent. During the month of April—I do not have the figures for the second quarter, naturally—3,000,000 pounds entered. In other words, during the first quarter and the first month of the second quarter about 9,000,000 pounds of glycerin entered this country. We find this quite burdensome and would like to renew our request that we be granted duties of 4 and 6 cents per pound.

Prior to the war it may have been said that we needed the imports of glycerin. That, however, is not true to-day, and we are adequately equipped to manufacture all the glycerin that would be needed in the United States:

Glycerin is a by-product. It is also a by-product in Europe. And we feel that it is just as fair to protect a by-product here as it is any other product.

We wish to respectfully point out that the manufacture of glycerin has greatly increased in Europe, due first to the stearic and oleic acid business that they have taken in the United States and elsewhere, and second, to the slowly rising conditions of living which require a greater use of soap. And we know as a result that we are going to receive more glycerin from Europe than we have in the past. And we feel that at least 30 per cent of our production will be the percentage of European importations before the calendar year 1929 is ended. It is now 20 per cent. During the month of April it was 30 per cent. And in the fall when heavy importations occur we feel quite sure that more than 30 per cent of our market shall have passed to Europe.

Senator SMOOT. How do you figure that? In 1928 you produced on the 8 per cent basis 130,498,582 pounds. And the importations of that year were 4,817,942 pounds.

Mr. JORDAN. On the basis of the importations as they are coming in in 1929.

Senator KING. You increased from 1919, which was 61,000,000 pounds, to 1928, which was 130,500,000 pounds. You increased every year except 1920.

Senator SMOOT. 1920, of course, was during the war time; that year there was an importation of 20,000,000 pounds.

Mr. JORDAN. That is due to the fact that we must produce glycerin whether we will or not. It is a by-product. There is no method by which the production of glycerin can be controlled.

Senator KING. By-product of what?

Mr. JORDAN. Glycerin is a by-product from the manufacture of soaps, and so forth.

Senator KING. So this is a pure find, in a way, in the sense of being a by-product?

Mr. JORDAN. Yes, sir; it is a by-product. We also feel that we ought not to be forced to manufacture this at 20 cents a pound, due to the fact that other products must be penalized. In other words, the loss that we must take on glycerin in meeting European competition is carried by stearic acid and red oil on the one hand, and by soap on the other hand.

Senator SMOOT. Do you mean to imply that the 130,000,000 pounds of glycerin is a find to you? That is, it does not cost you anything? It is given to you?

Mr. JORDAN. No, sir; we have to pay for it. Put the manufacturing cost on it.

Senator SMOOT. It is a by-product?

Mr. JORDAN. Yes.

Senator SMOOT. What the Senator asked you was: Then it is a pure find?

Mr. JORDAN. Oh, no, sir; we do not think it is a find. We consider it as a product.

Senator SMOOT. You answered "yes."

Mr. JORDAN. It has been an asset to our business in previous years. It is only since importations from abroad came in and we were forced to lower our prices that it became a burden.

Senator SMOOT. Is the selling of the glycerin taken out of the cost of the product that you make it from? The product that it comes out of?

Mr. JORDAN. It depends. We have filed with the Tariff Commission a complete analysis of arriving at the costs in the manufacture of glycerin.

Senator KING. You buy large quantities of fats for the manufacture of soap?

Mr. JORDAN. Yes, sir.

Senator KING. And a by-product of those fats in the production of your soap is the glycerin?

Mr. JORDAN. Yes, sir.

Senator KING. So you make a profit on your soaps, do you not?

Mr. JORDAN. Yes, sir; if you absorb the loss on the glycerin.

Senator KING. Well, you make a profit on your soap?

Mr. JORDAN. I think some of the soap industries are making money, but some of them are not. I hope they are all making a profit.

Senator KING. Well, the soap manufacturers of the United States have made enormous profits, have they not? Do you remember Proctor & Company?

Mr. JORDAN. I do not think from the manufacture of soap. Their by-products.

Senator KING. All right. Those who are engaged in the manufacture of soap have made enormous profits, have they not?

Mr. JORDAN. I am acquainted with most of the soap producers of the United States, and I have heard them all complain for the past four or five years on their profits, many of them having no profits at all. A great many have gone out of business, and others would have

gone out of business if they had not been absorbed by the larger companies. The fats industries in the United States are in hard straits.

Senator KING. Well, that is because in a way there was a reduction in the number of cattle and sheep killed, or cattle, at least, killed in the United States for a number of years?

Mr. JORDAN. Yes, sir; the trend is downward.

Senator KING. Yes; but with the increase in the production of cattle there would be an increase of course in the amount of fat available for the purposes of your business?

Mr. JORDAN. Yes, sir.

Senator KING. Do you import any fats?

Mr. JORDAN. No, sir.

Senator KING. None?

Mr. JORDAN. Our industry does not. The soap industry does a little. They import an awful lot of vegetable tallows which they use in greater consumption.

Senator KING. What company are you connected with?

Mr. JORDAN. The Emery Industries (Inc.).

Senator KING. Where?

Mr. JORDAN. Cincinnati, Ohio.

Senator KING. How many factories have you?

Mr. JORDAN. One at Cincinnati, Ohio.

Senator KING. What is the capital?

Mr. JORDAN. \$1,000,000.

Senator KING. When was it incorporated?

Mr. JORDAN. A great many years ago. The company was founded in 1840.

Senator KING. It has been in existence ever since?

Mr. JORDAN. Yes, sir.

Senator KING. Has it expanded in these last eight or nine years?

Mr. JORDAN. It would be difficult to say. We have less presses now than we had five years ago.

Senator KING. Is your output greater?

Mr. JORDAN. We could produce more due to improvements in the processes for the manufacture of stearic acid and red oil, but we are only running 30 per cent capacity.

Senator KING. Is the aggregate of your output greater than it was 10 years ago or 6 years ago?

Mr. JORDAN. I think it is. I was not connected with the firm at that time, but I think it is.

Senator KING. Greater in 1928 than in 1929?

Mr. JORDAN. Yes, sir; by far.

Senator KING. You produced more glycerine in 1928 than you will in 1929?

Mr. JORDAN. Than we will in 1929.

Senator KING. You produced more in 1928 than you expect to produce in 1929, or do you expect to produce more in 1929?

Mr. JORDAN. No, sir; less in 1929.

Senator KING. Less in 1929?

Mr. JORDAN. Yes.

Senator KING. Is that because of your difficulty in getting your by-products?

Mr. JORDAN. No, sir; it is because 23 per cent of our domestic markets are being sold by Europeans, and hence we have had to lower

our productive schedules. Two of our firms are shut down, and all of the others are operating on part-time schedule. We are only operating 30 per cent capacity throughout the industry.

Senator KING. What did you operate last year?

Mr. JORDAN. I do not have the figures of last year. We began gathering figures this year, which we deposited with the Department of Commerce every two weeks, gathered by an outside organization; but we do not have them for last year.

Senator KING. What dividends were paid last year?

Mr. JORDAN. There were no dividends or earnings anywhere in the stearic acid industry last year.

Senator KING. How much?

Mr. JORDAN. None.

Senator KING. Well, I mean in your plant, in your business.

Mr. JORDAN. None. We all lost money. Our industry has lost money since the close of the Great War. Last year our losses were heavier, I should say, than any other year except when we sustained our inventory losses in 1920.

Senator KING. And yet you have kept on increasing your output?

Mr. JORDAN. No, sir; I do not think that there have been a great many increases in the use of stearic acid and red oil, and if there has been any increase it is going to satisfy that market. I believe there is more use for stearic acid and red oil to-day than there was 10 years ago, and that correspondingly every firm would be entitled to their share of the business.

Senator KING. That is what I say; you have been increasing your output?

Mr. JORDAN. Yes; I think two or three million pounds more a year are used in the United States than the year before.

On glycerin there is one other point I would like to bring out, and that is that we have one product in the United States which is directly and wholly competitive with glycerin. Under the tariff act of 1922 ethylene glycol was accorded 6 cents a pound and 30 per cent ad valorem. Under the proposed act of 1929 ethylene glycol and its derivatives are accorded a duty of 6 cents per pound and 30 per cent ad valorem. Since these products are wholly competitive with glycerin we think the unfairness of the treatment of glycerin will be apparent to all. Ethylene glycol sells to-day at about 25 cents a pound. If a duty were applied on this it alone would be greater than the price delivered of the finest glycerin manufactured in the United States. If the duty of one of its by-products or derivatives, diethylene glycol were applied on the price of diethylene glycol to-day that duty would be greater than the total delivered price of the finest 88 per cent glycerin manufactured in the United States.

I also wish to point out that a great proportion of the distillation capacity in glycerin has already passed from the United States to European countries. A situation which occurred before the war. When the war came on the War Board asked us to increase our plant and satisfy the explosives trade. We began immediately, and in a remarkably short space of time were able to supply all the amount of glycerin that was needed. Since importations began coming in several years ago all except one distiller have passed out of business. This distiller is also manufacturing at a loss. Our own plant was the oldest distilling plant in the United States, and we had to give up.

Once a distillation plant closes for a few months it freezes, as we term it, and therefore must be junked. The biggest refiner in the United States has already junked his plant. And the situation is such that we feel that to be adequately protected we must have a duty of 4 cents per pound on crude and 6 cents per pound on refined.

(Mr. Jordan submitted the following briefs:)

JOINT BRIEF OF EMERY INDUSTRIES (INC.), CINCINNATI, OHIO, AND THE NATIONAL ASSOCIATION OF STEARIC ACID MANUFACTURERS

Senator REED SMOOT,
Chairman, Senate Finance Committee,
The United States Senate,
Washington, D. C.

HONORABLE SIR: The stearic and oleic acid industry is engaged in the splitting of animal fats into their component parts, namely: stearic acid, oleic acid, glycerin, and stearine pitch. The fats consumed by this industry are obtained from cattle, hogs, and sheep raised on farms located throughout the United States. This industry is the second largest user of animal fats in this country, ranking next to the soap industry.

The stearic acid industry represents a total investment of many millions of dollars, and employs thousands of workmen. Five of its eleven units have been operating continuously for a hundred years or more. It has added considerably to the economic development of our country and has paid out many millions of dollars to its employees and many additional millions of dollars to the American farmers for the raw materials it consumes.

Furthermore, the uses of the products manufactured by this industry are such that it is vital to the welfare of our citizens in war time as well as in peace time.

Stearic acid is used as a base in the manufacture of candles, purchased at all times by the War Department and in tremendous quantities during war periods. It is used as the base for heavy lubricating grease utilized by railroad engines throughout the United States. Its largest use is as an accelerator in the manufacture of all kinds of rubber and its utilization has greatly cheapened the process cost of that industry. Its use in that industry has made possible the reclamation of used rubber. It is employed as a base for shaving and facial creams. The buffing compound manufacturers afford another outlet, using it as a base in the manufacture of zinc, aluminum, and other stearates. It is used as a waterproofing agent in the manufacture of cement. It is used in the manufacturing of crayons for the public schools. In addition there are many important minor industrial outlets for this commodity.

Stearine pitch is employed largely in the paint, varnish, and roofing industries.

Glycerin is used in the drug, explosives, tobacco, rubber, and printing industries.

Oleic acid, commonly called red oil, finds its largest outlet in the manufacture of soap for scouring and cleansing cloth throughout the textile industry. This is its most important peace and war time use. It is employed as a base in the manufacturing of cutting compounds throughout the machine and metal working industries and as an ingredient in motor and lubricating oils. It is also used in the manufacture of flotation oils for the recovery of copper and other ores. It is important in the manufacture of laundry soap and polishes. It is used in the drug trade and also as an agent in manufacturing compounds for recovering mineral oil from the sludge accumulated in the oil fields. It is also utilized as the principal base for soaps used throughout the dry-cleaning industry. It has many minor uses.

This industry is now and has been operating at a loss dating back to the close of the World War. This condition has been due to competitive products entering or threatening to enter this country from abroad. The low costs of raw materials used by foreign manufacturers and the abundant supplies of very cheap labor have made it possible for them to offer or to sell duplicate products in the United States at much lower prices than American manufacturers can cope with. The fats used in Europe are costing approximately 2½ cents per pound less than those available to domestic manufacturers. The average wage paid in the European stearic-acid industry is approximately \$10 per week, whereas the domestic manufacturer pays an average wage of \$25 to \$30 per week.

Under Schedule 1, paragraph 1, of the tariff act of 1922, stearic acid is inadequately protected by a duty of 1½ cents per pound, oleic acid at a duty of 1½

cents per pound, and all other acids not specially provided for enter at a duty of 25 per centum ad valorem.

A low-melting-point pseudo-stearic acid, commonly classified as stearin or stearine (T. D. 41373 and 42482) is taxed 25 per cent ad valorem under the clause taxing acids not specially provided for. (Schedule 1, par. 1, tariff act of 1922.) This particular product flooded the United States in 1925 (see table on following page) and drove the price of stearic acid from 16½ cents per pound to 7½ cents per pound. A measure of relief was accorded the domestic manufacturers through T. D. 41373 and 42482 by the United States Treasury Department, confirmed by the United States Court of Customs Appeals, first division, under date of December 6, 1927. U. S. Ct. Cust. Appl. Nos. 3076 and 3081, Lamont, Corliss & Co. et al. v. the United States.)

Imports of stearic acid

Year:	Pounds	Year—Continued.	Pounds
1914.....	100, 088	1922.....	34, 000
1915.....	32, 795	1923.....	360, 000
1916.....	40, 979	1924.....	188, 400
1917.....	538	1925.....	1, 539, 400
1918.....	None.	1926.....	2, 468, 000
1919.....	None.	1927.....	1, 627, 200
1920.....	4, 044	1928.....	2, 576, 400
1921.....	12, 662	1929 (up to June 1)....	4, 023, 015

We presented a brief to the Ways and Means Committee of the House of Representatives on January 5, 1929, in which we asked that Schedule 1, paragraph 1, of the tariff act of 1922 be changed so as to provide duties of 50 per cent ad valorem on stearic and oleic acids and that "all acids and acid anhydrides not specially provided for" be made dutiable at 50 per cent ad valorem so as to provide a similar duty for pseudo stearic acid.

This honorable committee eliminated stearic and oleic acids from Schedule 1, paragraph 1, so that they would fall into the basket clause and thus be dutiable at 25 per cent ad valorem. In other words, the domestic manufacturer would be given added, though inadequate, protection on high-grade stearic acid while low melting point or pseudo stearic acid would retain its present inadequate rate of duty.

We, the representatives of this entire industry, feel that the added protection indicated will prove woefully inadequate and therefore respectfully recommend that we be accorded this measure of relief, namely; that the following clause be incorporated in the language of Schedule 1, paragraph 1, of H. R. 2667, proposed tariff act of 1929, "fatty acids not specially provided for and mixtures in chief value of fatty acid or fatty acids, 50 per cent ad valorem."

The above table shows that the total imports of stearic acid in 1928 were 2,576,400 pounds. From January 1, 1929, to June 1, 1929, the importations were 4,023,015 pounds. Of this amount 44 per cent, 1,770 pounds, was stearic acid entering at 1½ cents per pound, and 56 per cent, 2,252,555 pounds, was low melting point or pseudo stearic acid entering at 25 per cent ad valorem. This shows clearly that added protection has been recommended for 44 per cent of our imports, while 56 per cent is to receive no aid whatsoever.

From January 1, 1929, to June 1, 1929, the domestic sale of stearic acid amounted to 17,568,363 pounds. The imports, as noted above, were 4,023,015 pounds or 23 per cent of domestic sales. The importations of pseudo stearic were 2,252,555 pounds, or 13 per cent of the total domestic sales for all grades. Naturally this is a burden too great for our industry to bear, and a 50 per cent ad valorem duty will be necessary to afford us adequate relief. We estimate that such a rate of duty will reduce imports of all grades to approximately 5 per cent of domestic sales.

The prices we are obtaining for stearic and oleic acids to-day do not yield a profit to the industry.

Foreign stearic acid is coming in at a constantly increasing rate. During the first two weeks of 1929 importations amounted to 15 per cent of domestic sales, while during the two-weeks period ending June 1, 1929, importations amounted to 29 per cent of domestic sales. Unless we are granted relief, we estimate that from 35 to 40 per cent of the total domestic market will be absorbed by our European competitors during the calendar year of 1929. Importations are always heaviest during the last two quarters of each calendar year.

In addition to the above encroachment on our business, we have lost and are losing practically all of our foreign markets.

Our foreign competitors have formed an international kartel and are adequately financed. Only increased duties will enable our industry to withstand such competition.

Stearic and oleic acids are companion products and one must be produced in order to manufacture the other. We have asked that the rates of duty on both products adhere to the precedent that they be taxed alike. Our foreign competitors may make a drive on the American market with either product they desire. At the present time they are underselling us 2 to 6½ cents per pound on stearic acid and 1¼ to 2¼ cents on red oil, both varying according to the grades offered.

Emery Industries (Inc.) and The National Association of Stearic Acid Manufacturers have each established a research laboratory at the Mellon Institute of Industrial Research, University of Pittsburgh, Pittsburgh, Pa., to find new outlets for stearic acid so as to offset importations of the European product entering this country. After two years' effort we have met with no great success. Since we can not offset the foreign product, our only salvation lies in a 50 per centum ad valorem duty.

Triple-pressed stearic acid sells in Europe at 10 cents per pound. If a 50 per cent ad valorem duty were imposed upon this product entering the United States the domestic manufacturer would still be undersold 3 cents on to-day's market. Oleic acid is selling at about 7¼ cents loose in Europe. If a 50 per cent ad valorem duty were added upon entering this country the domestic manufacturer would find the foreign price under the present domestic cost of production.

The duties we have requested would not shut out foreign stearic and oleic acid. All we hope for is that such imports will be reduced to their pre-war proportions.

Our European competitors are securing fats at 2¼ cents per pound less than we pay for tallow here. They utilize cheap vegetable fats while we use only tallow produced on American farms. (See United States Court Customs Appeals, October term 1928, No. 3076, Calendar No. 21.) In this decision our European competitors testify that they use Chinese vegetable tallow or palm oil, or cocoa butter fatty acids along with various types of cheap European fats, mainly bone tallow.

In March, 1928, our European competitors began to attack the domestic market with low-priced stearic acid and stearin. We decided to shut out these products by lowering domestic prices so as to underquote them. They forced the price of stearic acid down to 7¼ cents. We were practically shutting out the European product, but the losses incurred by us were so great that we were obliged to raise our prices and take our chances of holding our markets. At the same time Emery Industries (Inc.) started to sell oleic acid (red oil) in Europe at very low prices so as to depress their market. We shipped millions of pounds abroad. The reasoning behind this policy is as follows: The European manufacturers get yields of 30 per cent stearic acid and 70 per cent oleic acid. We forced them to lower their prices on red oil in Europe (their major product) so as to force them in turn to charge more for the stearic acid and stearine they were selling in the United States. Our domestic manufacturers must make all of their profit on stearic acid as the balance of their products sell at a loss. Stearine pitch is a waste product and amounts to more than 5 per cent of our yield on 100 pounds of fat. Another 2 per cent must be charged off as impurities in fats and process shrinkage. Glycerin amounts to 6 per cent or 7 per cent and sells at a loss due to European competition at prices below the cost of domestic tallow. Red oil is competitive with substitute fats and hence always sells at a loss as we are forced to meet the prices of the competitive products. Our profit if any, must come from the sale of stearic acid.

Since the organization of the kartel, European red oil prices have been depressed to such a low point (7¼ cent loose) that it is now impossible for the American manufacturer to ship red oil to Europe in order to strengthen our stearic acid at home. Our foreign competitors are now able to undersell us on both stearic and oleic acid in Europe, the United States, and our former foreign markets, chiefly Canada, Mexico, Central and South America.

The prices from abroad we were forced to meet last summer caused five of our eleven domestic manufacturers to close their plants. Our losses were very heavy. Our industry has lost money continually since the close of the World War. We are still losing money and will continue to do so until adequate tariff protection is accorded us. Two of our plants are shut down now and the balance are all running on part time schedules. Only 30 per cent of our production

capacity is being utilized. Our manufacturers are thoroughly discouraged. There would be more shut down to-day if it were not for the low tallow market we now have. With higher priced tallow in prospect, the outlook is very dismal. Regardless of the prices of tallow we must meet the European price competition and the higher tallow goes the more money we lose. The cartel is constantly lowering its prices and is underselling us in the United States on both stearic acid and red oil. We are doing out best to hold our industry together until tariff protection is granted us.

We sincerely believe that the 50 per cent ad valorem duties we have requested are eminently fair to our European competitors, the domestic market, and ourselves. They would by no means eliminate all importation of either product, especially the higher grades. They would, we believe, enable our industry to get back on a profitable basis of operation.

Respectfully submitted.

EMERY INDUSTRIES (INC.),
F. F. JORDAN,
Vice President and General Manager.

Also representing

THE NATIONAL ASSOCIATION OF STEARIC ACID MANUFACTURERS,
J. A. BURNS, President.

JOINT BRIEF OF EMERY INDUSTRIES (INC.), AND THE NATIONAL ASSOCIATION OF
STEARIC ACID MANUFACTURERS

GLYCERIN

JUNE 12, 1929.

Senator REED SMOOT,
Chairman of Senate Finance Committee,
United States Senate, Washington, D. C.

HONORABLE SIR: Our industry attempted to point out to our Government in the brief we submitted to the House Ways and Means Committee the vital necessity of tariff relief on glycerin and are now much dismayed to find that not the slightest measure of relief was recommended. We can only come to the conclusion that the importance of the request for this tariff relief could not possibly have been fully understood.

While it is a fact that the glycerin industry must secure some relief if it is to continue, yet nevertheless that which is of the utmost importance after all is that a failure to recognize the condition of this industry strikes at the very existence of our country in the case of a national emergency. This is well understood by our industry, and we therefore feel that you would not have us fail to direct to your attention the great responsibility which rests upon your honorable body to see that there is not a repetition in this industry of the conditions which existed in connection with the dye industry in this country when the last national emergency arose.

We are attaching herewith a copy of our brief to the House Ways and Means Committee, the contents of which you should be familiar with, but as that honorable body failed to afford any relief; we are taking this opportunity of drawing to your attention this very important information.

The existence of the glycerin industry, like that of any other industry, is solely dependent upon its ability to conduct its business on a profitable basis, otherwise its productive ability will be seriously curtailed.

We are being deluged with the imports of glycerin into the United States which represents glycerin being dumped over here by foreign countries when it is not required. Since the 1st of January the imports into this country, as shown by the last Government figures through April, have amounted to 9,259,964 pounds, which is more than the entire total of the imports into this country in 1928, and with the present rate of continuance, which is bound to prevail when the foreign countries are permitted to dump their glycerin into this country, a staggering blow will have been dealt the glycerin industry in this country before the end of this year.

We believe it is very plain to any thinking person that, if European glycerin is permitted to be dumped into this country to the extent that it has, the production and refining capacity for the quantity which has been so dumped into this country lies over in Germany, England, or some other foreign country, instead of here, where it belongs and will not be available in a national emergency.

We do not believe your honorable body will wish the responsibility, for certainly we do not, in the explaining to the American public in the case of a national emergency that a sizable equipment for the production of this very vital material lies over in foreign countries, which need not have been the case.

It is useless for anyone to say, why doesn't the glycerin producing and refining industry of this country sell on a level with the Europeans and thereby place themselves in a position to take care of the production and refining of all of the glycerin necessary in this country and shut out the importations? You are as well aware as are we of the conditions prevailing in the foreign countries and the standard of living in this country. To begin with, fats, as you know, in Germany and some of the foreign countries cost 2 to 3 cents per pound less than they do in this country, and wages are \$10 per week over there as against \$25 here, so that right at the start our European friends can manufacture glycerin at several cents a pound less than we.

It is appropriate at this point to draw to your attention that the crude-glycerin market in 1913, the year before the war, was between 13.08 and 14.36 cents, depending upon the grade, whereas for the year 1928 it was 7.66 to 8.6 cents, or almost a decline of 50 per cent. For the first five months of this year the price has been between 7.08 and 8.25 cents, depending upon the grade.

We believe an effort has been made to show in a brief filed by the explosive industry that the price of glycerin in this country is not related to the volume of imports. We hardly believe that any economist would agree to such a premise, for they are bound to have a direct relation. The figures shown in the brief referred to are, we believe, based upon the statistics of the Department of Commerce, division of fats and oils, and these figures for convenience have been converted to a refined basis. In conversion, however, we believe some errors have been made. This conversion has been made by multiplying the pounds of crude by .80 and adding the result and quantity to the pounds of C.P. and H.G. shown, so we are using this basis in any reference made to the quantity of imports or stocks on hand.

In an effort to prove their statement they point to the year 1926 when the volume of the imports was the greatest since 1923, or 32,007,200 pounds, and that the price had gone from 16.25 cents on a refined basis in 1923 to 25.04 cents in 1926. For this purpose we will assume that their figures are correct, but we think we can quickly point out that their conclusion is erroneous. It is true the price in 1926 advanced to 25.04 cents, but that advance took place primarily when it was evident after the year 1925 had passed leaving the stocks in this country, as shown by the Government figures, 12,635,000 pounds, or a radical decline from 1924, for which year the stocks were 20,892,000 pounds, and the advance was due to this shortage in supply, which shortage also caused efforts to bring in glycerin necessary to supply the consumptive demand.

Referring further to the relationship between imports and prices, which they claim are unrelated, we believe you will agree with us that while it has frequently happened that large imports and high prices have occurred in the same year, the reason for this is that the high price stimulates imports. It is an economic commonplace that all commodities seek to move to the market, offering the highest price; in other words, there is a definite connection between imports and prices, high prices stimulating imports. The problem faced by the glycerin producers is that whenever the price for their product advances to a point where the industry is able to show a slight profit imports begin in large quantities and the market is flooded so that glycerin production becomes unprofitable.

We respectfully direct your attention to the fact that the production of glycerin in this country has materially increased in the last six years, and whereas formerly there was a place in this country for a sizeable volume of imports, this situation does not exist to-day, as you can see at a glance from the following figures. These figures are based upon the Department of Commerce, division of fats and oils, statistics, and have been converted to a refined basis, the means of converting having been to multiply the pounds of crude reported by the Department of Commerce by .80 and adding this quantity to the pounds of C.P. and H.G. given by them.

Year	Production	Imports	Total available	Stocks on hand	Average price per pound	
					Crude (80 per cent)	Refined
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>		
1923.....	77,238,000	12,118,000	89,349,000	25,600,000	10.79	16.25
1924.....	80,289,000	12,741,000	93,030,000	20,892,000	11.17	16.09
1925.....	82,720,000	16,295,000	99,015,000	12,635,000	12.94	16.05
1926.....	93,238,000	32,930,000	126,168,000	21,561,000	16.98	23.04
1927.....	98,208,000	20,098,000	118,303,000	37,201,000	14.34	21.05
1928.....	104,398,000	7,788,000	112,184,000	32,290,000	7.68	12.25
1929 ¹	20,282,000	6,104,000	26,386,000	37,303,000	7.08	11.18

¹ First quarter of 1929 only.

Even the above figures do not reflect the true picture for, in addition to the domestic production of glycerin as shown, there should be added the production of ethylene glycol, a competitive article to glycerin, which appeared on the market in 1925. As there is no question of our producing in this country sufficient glycerin to take care of the consumption, foreign glycerin is not only not required, but it should not be permitted to be dumped into this country. The explosives-manufacturing industry can neither plead shortage of raw materials nor high prices for those materials in opposition to the request of our industry for protection against the more cheaply produced foreign supplies.

Please note that we as an industry are not opposed to the importation of glycerin provided it is required in this country and, in fact, we believe you will find that the industry will be the very first people to bring in glycerin themselves when it is required. In 1925 and the previous three years the price of glycerin, all things considered, was not very high when one considers particularly the purchasing price of a dollar as against 1913.

During 1925 a new use of glycerin appeared in this country in the form of glycerin for automobile-radiator winter use, but at this point also a substitute appeared in the form of ethylene glycol, the volume of which during the first year was approximately 7,000,000 pounds, so that that portion of the consumption which was due to the new use was offset by the ethylene glycol production which appeared as stated at approximately the same time.

Under section 1, paragraph 1, of the tariff act of 1922 and of H. R. 2667 ethylene glycol is protected by a duty of 6 cents per pound and 30 per cent ad valorem. This product and its derivatives, which are likewise protected at the same rates of duty, are merely and solely substitutes for glycerin. The inherent injustice of placing a duty of 6 cents per pound and 30 per cent ad valorem on the substitute product while the genuine product glycerin remains dutiable at the relatively much lower rates of 1 cent per pound on crude and 2 cents per pound on refined must be readily apparent to all.

We wish to respectfully call your attention to the fact that the percentage of imports of glycerin to domestic production of glycerin during the first quarter of 1929 is in excess of 20 per cent. During the month of April glycerin imports amounted to over 3,000,000 pounds, or approximately 30 per cent of our domestic production.

If there is a continuance of the ruinous dumping of foreign glycerin into this country, we believe it is a plain to anyone that the production and refining capacity of the industry in this country will not be used to their fullest extent, and that the capacity in proportion to these increased importations will fall into disuse and be scrapped. Bear in mind that with our experience at the outbreak of the World War we found it was not so easy to rub a geni's lamp and bring into being overnight well-regulated manufacturing plants to commence immediately the production of essential war supplies. Certainly this country should not be exposed to this condition again.

There has been no money in the refining of glycerin over a period of years, and in this connection we might mention that the most predominant refiner of glycerin in this country failed some two or three years ago and went out of business and his entire refining equipment was scrapped and sold as junk.

From the explosives industry's brief, they would have you believe that the result of the efforts to secure a tariff on glycerin would produce a further increase in the cost of explosives, and we wish to point out that it is not the intent of the glycerin industry to produce that result, nor do we believe that will be the result. What the glycerin-producing industry is endeavoring to do is to prevent the very apparent continuance of the present decline in the market price, which has extended over a period of two years, to ruinous levels.

Respectfully submitted.

EMERY INDUSTRIES (INC.),
 Per F. F. JORDAN.
 THE NATIONAL ASSOCIATION OF STEARIC ACID MANUFACTURERS.
 Per J. A. BURNS, *President*.

LIQUID CHLORINE, BLEACHING POWDER, AND SODIUM CHEMICALS

[Pars. 5, 14, and 83]

BRIEF OF THE ALKALI INDUSTRY

FINANCE COMMITTEE,

United States Senate, Washington, D. C.:

As chairman of the alkali group of the Manufacturing Chemists' Association, I speak for the entire ammonia soda and electrolytic alkali industry of this country in presenting our brief to your honorable committee.

The alkali industry of this country gives employment to over 42,000 employees. It represents over \$205,000,000 of invested capital.

It gives the railroads of our country over 7,700,000 tons of freight annually.

It is that branch of the American chemical industry which now bears and will bear the brunt of the future world's fight for foreign chemical markets, as it directly crosses the objectives of England's greatest industrial combination, the Imperial Chemical Industries (Ltd.), as well as Germany's greatest industrial cartell, namely, the I. G. Farben Industrie A. G. (United Dye & Chemical Corporation of Germany), both of which have more than the moral support of their respective Governments.

In connection with this branch of the chemical industry, its companies are connected with over 80 per cent of to-day's synthetic ammonia capacity—fixed nitrogen—which now makes our country independent of the necessity—in case of a war—of importing a single ton of nitrates for use in our manufacture of explosives.

In this group lies the productive capacity of many of the most important chemicals needed in the times of war, and for agriculture in times of peace.

A decline of sales prices of caustic soda and soda ash alone from prices existing in 1922 and based on 1928 tonnage show the following loss per year to our industry with its consequent gain to the consumer:

Caustic soda, 750,000 tons, at \$10 decline per ton.....	\$7, 500, 000
Soda ash, 2,000,000 tons, at \$4.75 decline per ton.....	9, 500, 000

Yearly saving to consumers.....	17, 000, 000
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I am setting forth below a comparative chemical weekly wage scale of our country, compared to same for Germany and England, showing same for unskilled and skilled male employees, according to best information available.

	Average wages, unskilled	Males, skilled
United States.....	\$29.32	\$30.80
England.....	11.60	12.29
Germany.....	9.77	11.81

We present herewith the different products that we are speaking of in this brief, and, generally speaking, our alkali industry is willing to accept the existing tariff rates embraced in the act of 1922, as we advised the Ways and Means Committee, with a distinct understanding that if these rates are insufficient on account of the material lower labor rates of our foreign competitors as compared to the existing rates now paid our workmen, then upon presentation of our situation, we can secure promptly the protection necessary.

Product	1922 tariff act		1929 act, suggested duty
	Para-graph	Present duty	
Sodium bicarbonate or baking soda.....	83	¼ cent per pound.....	¼ cent per pound.
Sodium carbonate:			
Calcined or soda ash.....	83	do.....	Do.
Hydrated or sal soda.....	83	do.....	Do.
Monohydrated.....	83	do.....	Do.
Sodium hydroxide or caustic soda.....	83	¼ cent per pound.....	¼ cent per pound.
Bleaching powder.....	14	3/10 cent per pound.....	3/10 cent per pound.
Liquid chlorine (now unclassified).....	5	25 per cent ad valorem.....	25 per cent ad valorem.

I have authority to speak, not only for our own company, namely, the Mathieson Alkali Works of New York, with alkali works in States of Virginia, Rhode Island, and New York, but also for the following companies:

Belle Alkali Co., West Virginia.
 Columbia Chemical Division, Ohio.
 Diamond Alkali Works, Ohio.
 Great Western Electrochemical Co., California.
 Hooker Electrochemical Co., New York and Washington.
 Isco Chemical Co., New York.
 Michigan Alkali Co., Michigan.
 Niagara Alkali Co., New York.
 Pennsylvania Salt Co., Pennsylvania, Michigan, and Washington.
 Solvay Process Co., New York, Kansas, and Michigan.
 Westvaco Chlorine Products Co., West Virginia.
 Monsanto Chemical Co., Illinois.
 Respectfully submitted.

E. M. ALLEN,
 President the Mathieson Alkali Works (Inc.), New York.

FURFURALDEHYDE

[Par. 5]

BRIEF OF THE QUAKER OATS CO., CHICAGO, ILL.

After years of intensive research the Quaker Oats Co. developed a process for manufacturing furfuraldehyde from oat hulls. This discovery has resulted in the use of a large amount of oat hulls, which are a by-product of the manufacture of rolled oats.

I. Character of product.—Furfuraldehyde is a chemical compound not heretofore manufactured in commercial quantities. It is made by the treatment of oat hulls with acid and steam under pressure. This causes a chemical reaction which transforms the pentosans present in the oat hulls into furfuraldehyde, which is a liquid boiling at 161° C. The furfuraldehyde is then distilled from the oat hulls and purified by rectification.

II. Uses.—This compound is used in synthetic resins as a solvent in lacquers and for the purification of rosin and anthracene. It is used as a preservative, as a fly repellent, in tree-wound dressing, and in light, sensitive resins which are used in engraving and printing processes. Products made from it are used as preservatives, fungicides, perfumes, and rubber accelerators.

III. Extent of production.—Production in quantity began about six years ago. Since that time the production has increased at the rate of approximately 50 per cent per annum. The product is now sold and delivered regularly in tank-car and carload lots. There is every reason to believe that the production will increase at least as rapidly as it has in the past. The present users are increasing their demands upon the company, and new uses for the product are being continually discovered.

IV. Consumption of oat hulls.—Each new use for an agricultural product benefits agriculture. At present the demand is not sufficient to consume all of the oat hulls produced. During the last five years the Quaker Oats Co. has burned on an average of 25,000 tons a year. The company is now consuming several thousand tons of oat hulls per year in the manufacture of furfuraldehyde. This use should expand until the average value of oat hulls is materially increased. This will necessarily result in a decided advantage to growers of oats.

V. Necessity for tariff protection.—(a) It is well recognized among those who have studied the agricultural problems of this country that one of the most hopeful methods of improving conditions is the development of markets for farm products other than as food and clothing. The most profitable markets of this sort will come from the utilization of farm products or by-products as the raw materials of chemical industry; that is, for the manufacture of chemical compounds. The production of furfuraldehyde from oat hulls is typical of this kind of development, and it is of vital importance that this industry, as well as others of the same sort, should be protected from the competition of the older and more highly developed and organized chemical industries of Germany. This is important not only to the individual manufacturers involved but to the whole agricultural industry of the United States, since the failure of the initial efforts in this field will inevitably discourage others from entering it.

(b) From definite information which has recently come to our attention we have reason to believe that as a result of certain chemical processes now being operated in Germany furfuraldehyde will be produced as a by-product at a cost substantially less than it can be produced in the United States. Unless protection is granted against this threatened competition the development of this new industry may be prevented or the industry destroyed.

(c) The product has been sold at 10 cents per pound, which has been substantially the cost price. There has been no margin of profit which could be sacrificed to meet foreign competition.

Conclusion: For the reasons above stated it is suggested either than paragraph 2 of Schedule 1 be amended to include furfuraldehyde and its derivatives or that a new paragraph be added under Schedule 1 providing for a duty of 6 cents per pound and 30 per cent ad valorem.

Respectfully submitted.

THE QUAKER OATS CO.,
By R. DOUGLAS STUART,
Vice President.

IRON AND SODIUM OXALATE; IRON AND AMMONIUM OXALATE

[Par. 5]

BRIEF OF CHAS. PFIZER & CO. (INC.), NEW YORK, THE MALLINCKRODT CHEMICAL WORKS, ST. LOUIS, MO., AND MERCK & CO. (INC.), RAHWAY, N. J.

Hon. REED SMOOT,
*Chairman Senate Committee on Finance,
 Senate Office Building, Washington, D. C.*

MY DEAR SENATOR: In behalf of my company, Chas. Pfizer & Co. (Inc.), of New York, N. Y.; the Mallinckrodt Chemical Works of St. Louis, Mo.; and Merck & Co. (Inc.), of Rahway, N. J., I beg to bring to your attention the competitive condition that has within the last few months arisen between foreign and American manufacturers of iron and sodium oxalate and iron and ammonium oxalate. The status of this condition is briefly outlined in our joint plea attached.

Aside from the facts stated therein, it may be worth while to mention that, should we be obliged to discontinue the manufacture of these salts of oxalic acid, it would mean a loss of business to the American manufacturers of oxalic acid of approximately one-fifth of their total production in America. It is unnecessary to further dwell on this phase of the subject, as your committee is fully aware of the problems the oxalic acid manufacturers here have had to contend with.

It is our hope that you will fully consider the attached request by granting the protection we require, which is the minimum needed to continue the manufacture of these products. If we are not granted this request, we will be obliged to relinquish this sizable and important business to our foreign competitors.

Respectfully yours,

A. A. TEEBTER,
Assistant Secretary, Chas. Pfizer & Co. (Inc.).

We are factors in the manufacture of these items. They are used exclusively in blue printing. They are at present dutiable at 25 per cent ad valorem under paragraph 5. The present rate of protection is insufficient. We stand to lose the bulk of our business in these items if adequate protection is not afforded us. Official import figures are not available.

We do know what sizable quantities have for several months been coming into this country from abroad. These recent imports show an invoice value of 21 cents per pound. This value, plus the present duty of 25 per cent, is equivalent to 26¼ cents per pound, New York. Our present selling price is 28½ cents per pound, New York. Our present selling price represents our cost.

It requires 1½ pounds of oxalic acid, including loss in manufacture, to produce one pound of either of these salts. Foreign price of oxalic acid is 4 to 5 cents per pound. Present price for American made oxalic acid is 10 to 11 cents per pound. The difference in favor of the foreign producer in oxalic acid content is 6 cents per pound.

We believe foreign cost of fabrication of these two items to be 5 cents per pound less than American cost. The total differential, therefore, in favor of the foreign producer is 11 cents.

Therefore, we submit that iron and sodium oxalate be removed from paragraph, 5 and placed under paragraph 9, and that the wording applying to this salt read as follows: "Iron and ammonium oxalate, 11 cents per pound."

We further submit that iron and ammonium oxalate be removed from paragraph 5 and placed under paragraph 9, and that the wording applying to this salt read as follows: "Iron and ammonium oxalate, 11 cents per pound."

Respectfully yours,

CHAS. PFIZER & Co. (INC.),
New York, N. Y.
MALLINCKRODT CHEMICAL WORKS,
St. Louis, Mo.
MERCK & Co. (INC.),
Rahway, N. J.

Per A. A. TENTER.

PERFUMERY MATERIALS

[Pars. 10, 28, 61-63]

STATEMENT OF ADOLPH M. SPIEHLER, NEW YORK CITY, REPRESENTING THE AMERICAN MANUFACTURERS OF TOILET ARTICLES

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. Did you appear before the Committee on Ways and Means of the House?

Mr. SPIEHLER. We had representatives before the committee. I personally did not appear there. We filed a brief with the House committee, and I shall not repeat anything that was offered before the House committee.

The CHAIRMAN. I wish you would make your statement just as brief as possible.

Mr. SPIEHLER. Yes; I shall be very brief.

I have the following paragraphs to talk about:

Paragraph 10: Balsams advanced in value.

Paragraph 28: Preparations derived from coal tar.

Paragraph 61: Ambergris, castoreum, civet, and musk.

Paragraph 63: Floral waters.

Paragraph 62: Bath salts.

On behalf of the American manufacturers of toilet articles, an organization that includes practically all the large units in the toilet-goods industry, I desire to bring to your favorable consideration the urgent recommendations of the association's tariff committee, of which I have the honor to be chairman.

Certain of these recommendations were presented to the Committee on Ways and Means; and to those items I shall refer but briefly, in view of the fact that the printed record of the House committee's hearings is now before you.

Paragraph 10 (balsams advanced in value): Our association earnestly urges the amendment of paragraph 10 of the tariff bill as reported by the Ways and Means Committee so as to read as follows, the new matter being underscored and the matter deleted printed in brackets:

PARAGRAPH 10. Balsams: Copaiba, fir or Canada, Peru, tolu, styrax, and all other balsams, all the foregoing which are natural and uncompounded, 10 per centum ad valorem.

The CHAIRMAN. The House has put 10 per cent on balsams?

Mr. SPIEHLER. Yes; that is all right—for the raw balsams, not treated. That is, I have repeated the paragraph as it is, and with the matter to be added. This is the new matter:

All the foregoing which are refined or advanced in value by any process or treatment whatever beyond that essential to proper packing, 35 per centum ad valorem: Provided, That no article containing [alcohol] more than 5 per centum of any solvent used in the preparation, shall be classified for duty under this paragraph.

The CHAIRMAN. That is the amendment to the existing law that you want?

Mr. SPIEHLER. Yes, sir; that is the amendment to the existing paragraph of the provisions we now have.

This relates to concentrating and clarifying balsams for use in perfumery. The raw material comes in now under a duty of 10 per cent. They have had some controversy in regard to bringing in the new material which has been concentrated and clarified; and for some reason or other the board saw fit to put a duty on these concentrated products at the same rate that is provided by law for compound oils and other advanced materials for the manufacture of perfumery that are almost as complete perfumes as toilet waters, etc. Those are almost finished articles in themselves, whereas these concentrated balsams are merely uncompounded materials. We are trying to get another classification from the classification which covers compounds, which is 50 per cent ad valorem and 40 cents a pound.

Senator KING. And your position is that you think that perhaps there has been a misinterpretation; or, if not, then you desire—

Mr. SPIEHLER. Yes, sir; I cover that here, the reasons why they did that. It was a misapprehension entirely. The case has been tried.

The CHAIRMAN. As I understand your statement so far to-day, it is that you want paragraph 10, balsams, 10 per cent, but you also want to add to that?

Mr. SPIEHLER. Yes, sir; add some new matter to cover these treated balsams, which are concentrated and clarified.

The CHAIRMAN. You want 25 per cent on them?

Mr. SPIEHLER. Thirty-five.

The CHAIRMAN. Go on with your statement.

Mr. SPIEHLER. In place of those which are now being appraised under the compounds at 50 per cent. The manufacturers and importers and the consumers are all agreed on that classification and change.

The development of the perfume industry in the United States has disclosed the fact that the framers of the tariff law have failed to provide an appropriate duty for an important class of materials of this industry which are neither crude products nor yet compounds, but which occupy an industrial position between these two groups. The rate of 10 per centum ad valorem on crude balsams is logical and fair; but it is obvious that a higher rate should be levied on these

products when they are refined, clarified, purified, or concentrated, especially with the use of solvents.

The CHAIRMAN. In other words, what you want to do is this: You want the crude balsams to remain as they are?

Mr. SPIEHLER. Yes, sir.

The CHAIRMAN. But you want a provision put in there for refined balsams of 35 per cent?

Mr. SPIEHLER. Yes, sir.

Senator KING. Increasing the present duty?

Mr. SPIEHLER. It is a completely new classification for new articles that have come into being within the past 5 or 10 years.

Senator KING. But the result would be an increase in the tariff?

Mr. SPIEHLER. No; it is a new article. We claim that these new products, clarified and concentrated, are not crude balsams, which carry a duty of 10 per cent; but the port of entry has been charging them as compounds or nearly finished materials at 50 per cent ad valorem and 40 cents a pound. We claim that that is too high; so the manufacturers and the consumers have had meetings, and have agreed that 35 per cent would be about the right protection; and I have letters here substantiating that from both importers and manufacturers.

It is equally true that being natural and uncompounded products, although purified or concentrated, they ought not to be classified for duty as mixtures or compounds under the terms of paragraph 61, at 40 cents per pound and 50 per centum ad valorem.

The framers of the act of 1922 failed to provide specifically for these purified or concentrated preparations, with the result that they have been the subject of considerable annoying tariff litigation.

The CHAIRMAN. Why did you not appear before the House Committee on this matter?

Mr. SPIEHLER. The reason for it is that the matter was not brought up. It was overlooked; it was not ready for presentation at that time, because the matter was in controversy between the importers and the manufacturers.

The CHAIRMAN. That will be the case as long as you live.

Mr. SPIEHLER. No; we finally got together and fixed up that little row amongst ourselves, I might say.

Senator KING. Now the public will have to suffer because you manufacturers and importers got together, and by composing your trouble you passed on to the consumer the higher rates?

Mr. SPIEHLER. No; this is merely a matter of revenue for the Government, because those things are made here in a very slight degree. There are only two manufacturers who make them and we are encouraging that industry. We want as much as possible of our raw materials to be made in this country; but these raw materials must be imported. We simply can not produce them. These balsams do not grow here at all. They have to be imported from different quarters of the earth. They are not high priced, and they enter into the manufacture of perfumes and all toilet preparations. It is simply something new with reference to these scientific improvements.

The outcome of this litigation is a ruling of the Customs Court and the Court of Customs Appeals to the effect that these purified or

concentrated preparations are dutiable under the third division of paragraph 61 by similitude to compounds of perfumery materials. This decision, it is believed, was due to the failure of the courts to understand the technical points developed by the expert testimony in the case.

The courts appear to have been under the impression that certain of these products in the condition as imported contained glucocides, and therefore should be classified as compounds, although in points of fact glucocides constitute merely natural concomitants of the preparations. This decision was an obvious injustice to perfume manufacturers importing these products, since it assessed them with a very high rate of duty which Congress intended should be applied only to compound perfume oils and not to raw materials which, though refined or concentrated, nevertheless are both natural and uncompounded.

In order that your committee may fully understand the issues involved in this case, we append to this statement the text of a decision of the United States Court of Customs Appeals and the motion for a rehearing in the case of *Ungerer & Co., Inc., v. The United States*, which is in all respects typical of this somewhat protracted controversy. (See Appendix A and Appendix B.)

In undertaking to fix a rate of duty on these purified and concentrated balsams, due consideration must be given to the interests both of the domestic perfume manufacturers who use these products as raw materials and of the manufacturers in the United States who are engaged in treating, clarifying, purifying, concentrating, drying and otherwise preparing crude balsams for use in the perfume industry. At conferences participated in by the representatives of both the domestic perfume manufacturers and those domestic producers engaged in processing these crude balsams, it has been decided that a duty of 35 per cent is fair to all parties concerned, and in addition, will give the Government the maximum amount of revenue it is justified in exacting from the importers of these goods. (See Appendix C and Appendix D.)

While it is obvious that these refined products should pay a higher rate of duty than those imported in a crude state, nevertheless it hardly need be argued that the duty should not be fixed at the relatively high rate assessed on compounds and mixtures of perfume oils. Those domestic manufacturers engaged in the refining of these products are of the opinion that a rate of 35 per centum ad valorem is sufficient to put them on a competitive parity with European producers.

Attention is drawn to the wording of the suggested proviso to Paragraph 10, which stipulates that no article containing more than 5 per cent of any solvent used in the preparation shall be classified for duty under this paragraph. The language here suggested is based upon an extensive experience with this class of products, for many of them must be treated with solvents in order to clarify, purify, or concentrate them. It is impossible to remove all of these solvents, yet it is essential that no considerable amount thereof should

be permitted to remain in the imported articles assessed for duty at the 35 per cent rate. It therefore seems reasonable to fix a limit of 5 per cent as the content of solvent which may be ignored by the appraising officers. Experience has demonstrated that it is practicable to remove all but the suggested percentage of the various solvents, and also that the presence of so small a percentage in no way changes the character of the importation or renders it fairly classifiable as a mixture or compound.

I next desire to take up a paragraph which has been discussed before the House as paragraph 28.

Senator KING. That is another one?

Mr. SPIEHLER. That is another one.

Senator KING. Before you go to that, I want to ask you a question or two for information.

The Tariff Information Series shows, at page 76, imports beginning in 1919 with 342,185 pounds; then in 1923, 145,000 pounds plus; in 1926, 166,000 pounds plus; in 1927, 229,000 pounds; and in 1928 only 218,000 pounds. Now, I fancy from your statement that this includes not only the finished products but the crudes.

Mr. SPIEHLER. Under what heading is that, may I ask?

Senator KING. That is under the heading of "Balsams, copaiba."

Mr. SPIEHLER. No; these articles that I speak of would not appear under that at all. They have entered in as compounds under a rate of duty of 50 per cent ad valorem and 40 cents a pound.

Senator KING. How would they be denominated in this summary?

Mr. SPIEHLER. At 10 per cent, these crudes would be under the classification you just read; but these articles I am talking about now are really a new classification. They were not specifically provided for.

Senator KING. What I wanted to ask was, would the finished products of which you are now speaking have been made out of the crude articles of which 218,080 pounds were imported in 1928?

Mr. SPIEHLER. Yes; in this country they would be made from those crude products of which you speak.

Senator KING. So the importations, both of the crude and of the finished, were less in 1928 than in 1929?

Mr. SPIEHLER. I do not know. I am not familiar with those figures.

Senator KING. But back in 1920 they were 434,000 pounds. What I am trying to get at is this: I was wondering just how the home market is affected by your importations, by these remarkable fluctuations here.

Mr. SPIEHLER. I can not account for that. It is usually the case with drugs. As a general proposition with drugs, they do fluctuate. Whether it is due to production or just what it is, or favorable prices, I can not tell you; but they do fluctuate all the time. You see, these balsam oils are used for a great many other purposes—medicinal purposes, a great many of them, to a large extent.

Senator KING. Then it would seem to me that if these balsams are used in that way, and you say we do not produce them here, the cheaper we can get them the better it will be.

Mr. SPIEHLER. Yes; well, as I say, we have no brief or argument for or against that 10 per cent duty levied on the crude balsam. If the Government sees fit to levy a duty of 10 per cent for revenue purposes, we are perfectly willing, because it has been established for years. We make no objection to that. Neither the manufacturers nor the users of the balsams of which I speak find any fault with that 10 per cent duty.

Senator KING. Are substantially all the products, the derivatives of the balsams that are used in the United States, made in the United States?

Mr. SPIEHLER. No; quite a number of them are imported. There are some of them used in medicinal preparations, and they come under an entirely different paragraph.

Senator KING. That is not very clear; but go ahead.

Mr. SPIEHLER. If there is anything else you would like to ask, I shall be very glad to answer it.

The CHAIRMAN. Proceed.

Mr. SPIEHLER. The next paragraph I should like to speak about is paragraph 28, mixtures or combinations containing tar derivatives. You will find paragraph 28 quite a lengthy paragraph. There is only a general reference to that matter, Senator.

The CHAIRMAN. To-day you have a duty of 7 cents a pound and 45 per cent ad valorem?

Mr. SPIEHLER. Yes. We are just speaking of one little feature of that entire paragraph, if you will permit me.

During the hearings before the Ways and Means Committee a representative of the Synthetic Aromatic Chemical Manufacturers' Association urged the striking out of paragraph 28, line 15, of the official text of the Tariff Act of 1922 of the words "and not mixture and not combinations," and in line 32 the words "except mixtures of synthetic, odoriferous, or aromatic chemicals."

Senator KING. What language do you want stricken out?

Mr. SPIEHLER. The words "and not mixture and not combinations"; and in line 32 the words "except mixtures of synthetic, odoriferous, or aromatic chemicals."

The CHAIRMAN. Do you want those all to go out?

Mr. SPIEHLER. No; we do not. We want them to remain.

The effect of this proposal would be, first, by transferring all perfume mixtures and compounds containing coal-tar derivatives from paragraph 61 to paragraph 28, to require the assessment of duty thereon upon the basis of American valuation, and, second, substantially to increase the duty on these products, and hence the selling prices in the United States, to the detriment of many of the manufacturing perfumers and soap makers, who depend on them as essential raw materials.

Do you see the point?

Senator KING. I do not.

Mr. SPIEHLER. The synthetic aromatic chemicals are now coming in under American valuation, whereas these other products come in under foreign valuation, and if they were brought in under American valuation there would always be disputes as to the real value, the

cost of similar articles freely sold in the United States; and, furthermore, there would be a great delay in releasing them from the customs.

Senator KING. Do you want them transferred?

Mr. SPIEHLER. We want to leave the paragraph just as it is; but the Synthetic Aromatic Chemical Manufacturers' Association appeared here recommending the striking out of those phrases from the present bill, and we are appearing here to urge you to leave the verbiage of that act exactly as it is.

The CHAIRMAN. Do you want the same rate?

Mr. SPIEHLER. Yes, sir; absolutely; just exactly. We want no change. We want you to leave that just as it is.

Senator KING. The business is quite satisfactory, then, as it is?

Mr. SPIEHLER. Yes, sir; just as it is.

Senator KING. Do you not want the foreign valuation?

Mr. SPIEHLER. Under the paragraph they come in under now, they have the foreign valuation. They come in under paragraph 61. That is the gist of the whole thing.

We are pleased to state that the Ways and Means Committee did not see fit to make the changes suggested by the Synthetic Aromatic Chemical Manufacturers, but should the recommendation referred to be repeated before your committee, we desire to refer you to our detailed protest, which will be found in the printed hearings of the House committee. The matter is one of great importance to our industry, and we sincerely trust that your committee will accept the view of the Ways and Means Committee in this regard.

Now, I come to another matter—paragraph 61, ambergris, castoreum, civet, and musk; and paragraph 63, floral waters.

In presenting our recommendations to the Ways and Means Committee we urged the transfer to the free list of ambergris, castoreum, civet, and musk—

Senator KING. Ambergris and what else?

Mr. SPIEHLER. Ambergris, castoreum, civet, and musk, that is the natural musk; those are all animal products, which, under the present law, are dutiable under paragraph 61 at 20 per centum ad valorem, and floral waters, dutiable under paragraph 63 at 20 per centum ad valorem.

The CHAIRMAN. You want those on the free list?

Mr. SPIEHLER. On the free list. They were on the free list, you know, until the passage of the last tariff act.

Senator KING. Oh, you want those on the free list?

Mr. SPIEHLER. Back on the free list, where they were.

Senator KING. Floral waters, and what else?

Mr. SPIEHLER. Floral waters, ambergris, castoreum, civet, and musk.

Senator KING. Yes; I got that.

Mr. SPIEHLER. The House committee failed to adopt our recommendation, which we desire earnestly to urge before the Finance Committee.

None of the products which we have asked to be transferred to the free list are produced within the boundaries of the United States.

and, therefore, no protective principle is involved. The total quantity required by the perfume industry is very small; therefore, the total duty collected at the rate of 20 per cent is negligible from a national revenue standpoint, while the almost universal employment of these products in the manufacture of perfumery makes any duty whatever a distinct burden to the entire industry.

The CHAIRMAN. In other words, so that we may understand you, these items that you use here—floral waters, and so forth, containing no alcohol—you want to have go on the free list?

Mr. SPIEHLER. Yes, sir.

The CHAIRMAN. And the articles that you make from them, that are now on foreign valuation, you want put under American valuation?

Mr. SPIEHLER. No; these are provided for in paragraph 61 and appraised on foreign valuation.

The CHAIRMAN. I know they are; and what you want is to have them put on the free list?

Mr. SPIEHLER. The right list; yes, sir.

The CHAIRMAN. Then the other items you have spoken of here, that you were interested in—you want them to go from foreign valuation to American valuation?

Mr. SPIEHLER. They are in the foreign valuation now, and we want to leave them there.

The CHAIRMAN. No; that is not what you said.

Mr. SPIEHLER. You mean those aromatic articles?

The CHAIRMAN. Yes.

Mr. SPIEHLER. We want to leave them in paragraph 61, where they come in under the foreign valuation.

The CHAIRMAN. You are importers?

Mr. SPIEHLER. No; we are manufacturers.

The CHAIRMAN. What was it you wanted to have go under the American valuation?

Mr. SPIEHLER. I have not recommended anything to go under American valuation. The Synthetic Aromatic Chemical Manufacturer's Association appeared before you—

The CHAIRMAN. Oh, they wanted it?

Mr. SPIEHLER. They wanted it, and we are opposing it.

Senator KING. And you are a manufacturer?

Mr. SPIEHLER. I am a manufacturer.

Senator KING. Is that synthetic organic chemical concern the one that Mr. Garvan's crowd is connected with?

Mr. SPIEHLER. It probably is, somewhat.

Senator KING. And Doctor Herty?

Mr. SPIEHLER. Yes; the same ones.

Senator KING. They want the American valuation?

Mr. SPIEHLER. Yes, sir.

Senator KING. They are the ones who got the German patents for nothing?

Mr. SPIEHLER. Yes, sir.

Senator KING. Now they want the American valuation?

Mr. SPIEHLER. Right.

Senator KING. Of those products that come into the United States?

Mr. SPIEHLER. You see, they are receiving the American valuations on a great many of those articles they make here now. For instance, to give you an example, speaking of that which is entirely foreign to our appeal here, we would say that a great many of these goods that they make here now are assessed on the basis of American valuation, and the manufacturers are having a great deal of difficulty in withdrawing these products from the customs, due to the disputed valuation. In fact, in some cases we have an actual embargo existing at the present time. It is absolutely impossible to import some of these products.

Senator KING. Because of the difficulty in finding the true value?

Mr. SPIEHLER. The true value.

Senator KING. Of an article that is comparable to the imported article?

Mr. SPIEHLER. Yes, sir.

Senator KING. So as to establish a just basis for the fixing of prices?

Mr. SPIEHLER. That is right.

The CHAIRMAN. We have to build up a business here, on account of national defense, that is going to be under American valuation.

Senator KING. Do you not think it would be a good idea to put all of those coal-tar products on foreign valuation?

Mr. SPIEHLER. I believe so, now that they have had a good start; yes.

Senator KING. Is there any reason for maintaining the American valuation of all of the complexities that result?

Mr. SPIEHLER. Not that I can see; no, sir. It is only a hardship to all the industries employing them, because it is uncertain.

The CHAIRMAN. What products do you manufacture?

Mr. SPIEHLER. We manufacture perfumes, toilet waters, face powders, talcum, and so forth, and we manufacture the completed toilet articles, the general toilet articles. This whole association is made up of all the users of these products. The association is made up of all the principal manufacturers in the United States, all the dealers—all of them.

The CHAIRMAN. In other words, you want the perfume materials that you use to go on the free list?

Mr. SPIEHLER. No; not all of them.

The CHAIRMAN. Not all of them?

Mr. SPIEHLER. Of course, in the case of those that are not made here we enjoy that privilege now, you know. You granted that in 1922. You put back all the floral products which were made abroad, which can not be made here. You restored them to the free list. Prior to that time you put them under 25 per cent ad valorem.

Senator KING. But the House bill puts a duty of 10 per cent on them?

Mr. SPIEHLER. No; the House bill has not touched them at all, and the House bill has not seen fit to change paragraph 28, which refers not to natural products but to aromatic chemicals. They have seen fit to make no change in that paragraph, but to leave it as it is under

the existing law of 1922; and we are perfectly willing and satisfied to leave paragraph 28 as it is. The real aromatic chemicals, such as artificial musk, come in at the present time at the American value. The greatest trouble we have in establishing a price on an article of that kind is this: You will find that a product of this kind is sold freely for perhaps \$2.50 a pound; but if you can produce an invoice where they received \$3 or higher the highest price naturally is to be taken by the collector at the port, regardless of the quantities.

Senator KING. That is to say, if a man buys a small amount for \$3 and another man buys a large amount at \$2.50, they refuse to accept as the basis of computing the valuation the \$2.50 and go back to the \$3?

Mr. SPIEHLER. That is right.

Senator KING. On a foreign valuation. By the way, is that one of the reasons why there are disputes and occasionally seizures, not because of undervaluation, but because of the difference in applying the rule?

Mr. SPIEHLER. Yes, sir.

The CHAIRMAN. You speak of \$2. The average price of all the perfume materials imported into the United States under paragraph 61 is nearly \$4 a pound.

Mr. SPIEHLER. Yes. These particular aromatic chemicals I speak of would come in under paragraph 28. This is artificial musk. You will probably hear more on that, later on, from other perfume manufacturers.

The CHAIRMAN. "Musk, grained or in pods."

Mr. SPIEHLER. That is the natural musk that I am asking to have put back on the free list, because it can not be produced here at all. The animals live in China, and are killed there.

The CHAIRMAN. Do you think the price of your perfumery or cosmetics would be any less if we did put it on the free list?

Mr. SPIEHLER. It will be used more freely, because it is an expensive ingredient, and will enable us to make them better at the same price. I could not say that we would reduce our prices on them, but I know that we would use those articles more freely, because we are restricted now on account of the high prices. You see, they are expensive articles. The musk ranges anywhere from \$20 to \$40 an ounce.

The CHAIRMAN. I suppose the manufacturer of the musk does not make the same rate of gain that the manufacturer of perfumery does?

Mr. SPIEHLER. Well, you see, this musk is not manufactured. This is just taken from the animal in China and brought into this country.

The CHAIRMAN. I know; but there is somebody that sells it. Whatever gain he makes I am quite sure is not equal to the amount of gain that is made, based on the percentage of perfumery sold.

Mr. SPIEHLER. That was not the case in olden days, when it was on the free list. You see, there is quite a competition between the countries buying this stuff from the different sources.

The CHAIRMAN. All right; proceed.

Mr. SPIEHLER. I was speaking of paragraph 61.

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None of the products which we have asked to be transferred to the free list are produced within the boundaries of the United States, and, therefore, no protective principle is involved. The total quantity required by the perfume industry is very small; therefore, the total duty collected at the rate of 20 per centum is negligible from a national revenue standpoint, while the almost universal employment of these products in the manufacture of perfumery makes any duty whatever a distinct burden to the entire industry. The observance of scientific principles in the structure of the tariff law would dictate the restoration of all these products to the free list, where they were carried for many years.

As we discussed this matter at length before the Ways and Means Committee, we would respectfully refer you to our brief thereon, which appears in the printed hearings.

Now we come to paragraph 62, bath salts.

The CHAIRMAN. The hearing has been in progress now for 40 minutes. We will never get through if every man we are to hear takes this much time.

Mr. SPIEHLER. This is the most important relief on the finished products.

The tariff bill as reported by the Ways and Means Committee, and approved by the House, provides an amendment to existing law by adding to paragraph 62 (which covers perfumery of all kinds, and assesses thereon a duty of 75 per cent ad valorem, with a surtax of 40 cents per pound if containing alcohol) a new classification, namely:

Bath salts, whether or not having medicinal properties, 25 per cent ad valorem.

The CHAIRMAN. Are you speaking of paragraph 60 or paragraph 62?

Mr. SPIEHLER. I am speaking now of paragraph 62.

The CHAIRMAN. The only change made in the existing law was by adding—

Bath salts, whether or not having medicinal properties, 25 per cent ad valorem.

Mr. SPIEHLER. Yes, sir.

The CHAIRMAN. That is the change from existing law?

Mr. SPIEHLER. That is the change, and we protest that change only in part, as I will point out here.

The CHAIRMAN. That is, whatever is a disadvantage to you, you protest; and if there is any advantage, you will take it?

Mr. SPIEHLER. No; we want to leave it just as it is as far as we are concerned, but at the same time we want to take care of these interests.

Senator REED. What were bath salts put under in the act of 1922?

Mr. SPIEHLER. The same paragraph. They came under the general schedule of perfumery.

Senator REED. And paid 75 per cent?

Mr. SPIEHLER. I should like to show you just exactly what these articles are.

Senator KING. What rate do they bear under the present law?

Mr. SPIEHLER. Seventy-five per cent.

Senator KING. And you want it maintained at 75 per cent instead of 25 per cent?

Mr. SPIEHLER. Yes, sir [producing several samples]: Those are perfumes. These articles here are perfumery, and we want to leave the duty on them at 75 per cent. Now, we have a medicinal preparation, done up, as you notice, in an entirely different way. That is supposed to be medicinal. That is imported; and that very likely should, possibly, carry a lower rate of duty.

The **CHAIRMAN.** That is what this bill provides when it says:

Bath salts, whether or not having medicinal properties, 25 per cent ad valorem.

Mr. SPIEHLER. Yes, sir; but it also reduces the price on these perfume salts, which should carry the higher rate as they now exist.

Senator KING. Why not reduce the 75 per cent ad valorem?

Senator REED. If we are going to get our revenue anywhere, we ought to get it out of luxuries like that, I think.

Mr. SPIEHLER. That has been the argument, and that is why that 75 per cent applies to these perfumes, and now they are making an exception for medicinal salts.

Senator KING. I am not sure that bath soaps and powders are luxuries.

Mr. SPIEHLER. They are not; you are right.

Senator KING. I am inclined to think that soaps are a necessity.

Mr. SPIEHLER. Soaps are not a luxury; but this is a perfumed article—a matter of perfume.

The **CHAIRMAN.** This probably contains alcohol.

Senator KING. Then your objection to this provision is to the addition put in in the House, just read by my colleague?

Mr. SPIEHLER. In that form. We should like to offer a suggested change which would leave these where they are, and at the same time take care of these medicinal products. We know nothing about those. Those are really out of our scope and our sphere. These come in our category, and we believe they should be left as they are.

The **CHAIRMAN.** Somebody will come and object to that.

Senator REED. No; they will claim that these are medicinal.

Mr. SPIEHLER. I believe not, because we have discussed that with all the manufacturers, and I think we are pretty well agreed.

The **CHAIRMAN.** What words do you want?

Mr. SPIEHLER. These words: We are informed that certain foreign producers—

The **CHAIRMAN.** What change do you want in the words—

Bath salts, whether or not having medicinal property, 25 per cent ad valorem.

You said you had some suggested changes.

Mr. SPIEHLER. Yes, sir; we have.

Senator REED. Wait a minute before you give the text of your proposed change. Why is not that covered by the decision reported on page 52 of the Summary of Tariff Information—that bath tablets used as a remedy for rheumatism, high blood pressure, and some nervous conditions, are classified at the 25 per cent basis?

Mr. SPIEHLER. That is right. That would bring them under the same classification.

Senator REED. So that all you have to do is to let the law alone as it now stands, and you are all right?

Mr. SPIEHLER. As far as we are concerned; yes.

Senator REED. And so are the medicinal salts?

Mr. SPIEHLER. In order not to oppose something that we know nothing about, we suggest that the clause added to paragraph 62 by the Ways and Means Committee be amended to read as follows:

Bath salts, not perfumed, 25 per cent ad valorem.

The **CHAIRMAN.** Not perfumed?

Mr. SPIEHLER. Yes, sir.

The **CHAIRMAN.** They are taken care of. What you want is to strike out this other language?

Mr. SPIEHLER. Well, these people evidently came and asked for that other change, to put in a provision to allow these to come in at 25 per cent. We are perfectly willing to permit that, so long as they do not interfere with the preparations of this nature; and we just suggest that the wording be changed to—

Bath salts, not perfumed, 25 per cent ad valorem.

The **CHAIRMAN.** Striking out the House amendment would cover all that you ask, and those other people are taken care of, too.

Mr. SPIEHLER. The adoption of this amendment would leave perfumed bath salts with the same protection accorded other forms of perfumery, while providing a lower rate of duty for such salts, whether or not having medicinal properties, which are not perfumed.

BLEACHED SHELLAC

[Par. 11]

BRIEF OF ADOLPHE HURST & CO. (INC.), NEW YORK CITY

In the tariff bill of 1929 as passed by the House an impost of 20 per cent ad valorem has been imposed on bleached shellac. This works a change in the earlier tariff act of 1922, pursuant to whose provisions bleached shellac came in duty free. As originally reported out of the Ways and Means Committee, bleached shellac (as a form of shell lac) remained on the free list by continued inclusion in paragraph 1707 (H. R. 2667, p. 226, line 3). Thereafter and by subsequent amendment made in the course of House debates it was added as a separate article to paragraph 11 of title 1 and was subjected to an ad valorem duty of 20 per cent.

The following memorandum is submitted in opposition to this treatment and is designed to show conclusively the absence of any justification for subjecting bleached shellac to an import duty and the economic unwisdom of such a step.

WHAT IS BLEACHED SHELLAC?

Bleached shellac is obtained by bleaching the Indian sticklac or seedlac or fake shellac in several ways. One method is to boil ordinary shellac in a weak solution of carbonate of potash until it is dissolved; then to pass chlorine gas through the solution. When the lac is thrown down free from color the resin is collected, washed with warm water, melted over water, and, by working with the hands, made into the form of more or less twisted cylindrical pieces

having a marked fibrous structure. Another method which is followed is to treat the shellac with a weak solution of potash at such a temperature that it is softened, and then to work the lac with the hands until it has lost its color and has acquired the fibrous appearance usual with bleached shellac. White shellac is always sold in the form of long cylindrical pieces having a fibrous, satiny appearance. It is used in making white varnishes, and for other purposes where a white shellac would be useful. The chlorine process is the one more commonly used.

Lac or shellac itself is obtainable only from a limited number of south Asiatic countries, including British India, Siam, and Indo-China. It is not a manufactured article, capable of production or fabrication in America, but a natural product, limited in its origin to a few foreign countries.

As was said in the case of *Hurst & Co. v. United States* (12 Ct. Cust. App. 81; T. D. 4021), bleached shellac as an article of merchandise "was definitely, uniformly, and generally known in the trade and commerce of this country as one of the grades of shellac; that it was not the crudest form of the commodity; that after it was bleached it retained the name and uses of shellac and never acquired a new name, character, or use; that all kinds of shellac are in some manner cleaned of the dye, which inheres in the lac from which they are produced; and that the bleached shellac was no more than lac from which the original dye or coloring matter has been removed by bleaching processes."

The bleaching process is designed solely to remove from the lac or shellac the original, native, or natural dye or coloring properties which it may possess.

IMPORTATIONS OF BLEACHED SHELLAC

The question of the importation of bleached shellac requires an analysis and consideration of the handling of this commodity in but one foreign country, to wit, Germany, since the only bleached shellac which is imported into the United States comes from that country.

To show the ratio of the domestic to the foreign—i. e., imported, bleached product—the following figures are at once interesting and illuminative. The domestic production of bleached shellac for the last five years shows a practically constant total of 16,000,000 pounds annually. As against this constant base, the imports of bleached shellac into the United States during this period (and that commodity was throughout this time on the free list, paragraph 1604 of the present tariff act), show the following figures: In 1924, 111,348 pounds, or seven-tenths of 1 per cent of the domestic production, were imported; in 1925, 49,477 pounds of bleached shellac, or three-tenths of 1 per cent of the domestic production, were imported into the United States; in 1926, 15,787 pounds, or one-tenth of 1 per cent of the domestic production, were imported into the United States; in 1927, 8,100 pounds, or five one-hundredths of 1 per cent of the domestic production, were imported into the United States; in 1928, 69,046 pounds of bleached shellac, or four-tenths of 1 per cent of the domestic production, were imported into the United States.

It will thus be seen that the admission of bleached shellac, free of duty, to the United States during this period of years in no way contributed to the undoing of any domestic industry, since in the ratio of domestic production as contrasted with the foreign product a truly negligible percentage was imported, and the domestic producers had a virtual monopoly of the field.

Let us now turn for a moment to Germany, the only country which at times by producing bleached shellac in a small excess over its domestic needs has a surplus available for export. A study of figures will again show the complete absence of any justification for removing bleached shellac from the free list. As against our fixed production of 16,000,000 pounds annually, Germany has produced the following quantities of bleached shellac in the last 24 months, the only period for which absolutely correct and authentic figures were available to us. In 1927 the German production of bleached shellac obtained directly from the German trade sources totaled approximately 1,800,000 pounds; in 1928 its production of that commodity totaled approximately 2,000,000 pounds. Of this poundage Germany was able to export in 1927 but 400,000 pounds, or 28½ per cent of its entire production. In 1928 it exported approximately 500,000 pounds, or 25 per cent of its entire production of this commodity. These exports, however, did not, and do not, come to the United States, but represent Germany's total exports of bleached shellac to all foreign countries wherever situate. As a matter of fact, Czechoslovakia, Austria,

Italy, and England receive the major part of the German exported article. The best proof of the very small balance which is available for export from Germany into the United States is shown by our first figures, which disclose the fact that in 1927 but 8,100 pounds out of a total German exportation of 400,000 pounds, and as against our total production of 16,000,000 pounds, came to this country; and that in 1928, 69,046 pounds out of a total German exportation of 500,000 pounds and as against a similar total domestic production of 16,000,000 pounds came into this country. Thus in 1927 the imports of bleached shellac into this country represented but five one-hundredths of 1 per cent of our production, and in 1928 they represented only four-tenths of 1 per cent.

EQUALITY OF COST BETWEEN AMERICAN AND FOREIGN COMMODITY

Coming to a consideration of the possible claim that the imposition of an import duty to equalize process costs is, on behalf of the American bleacher, justifiable, the following figures show conclusively that no such protection is required. This for the reason that the foreign cost of bleaching involves fixed elements of expense which more than equalize any variance in production of process costs here and abroad. These items of expense are as follows:

1. Freight and carriage from landing port to bleachery.
2. Bleaching costs—i. e., chemicals and wages.
3. Power and overhead.
4. Packing and crating.
5. Freight and loading charges from bleachery to steamer (f. o. b.).
6. Ocean freight and insurance.

These items do not include any profit to the foreign bleacher or to the handler or dealer in this country.

Compilation of these items of expense shows that their total approximates 11.71 cents per pound. Figures furnished by a member of the American Bleachers' Association show that the uniform charge of domestic bleachers for bleaching (including bleachers' profit) has been in the past a trifle over 12 cents per pound, evidencing practically an exact parity between the cost of converting the crude shellac into bleached shellac abroad and in the United States. When it is remembered that the price of shellac is at times highly speculative and has shown a range within the last three years from a figure as low as 20 cents per pound to 75 cents, it will be seen how truly negligible a small fraction of 1 cent per pound is and how little need there is for the imposition of any tariff duty. The fact is, that the difference between foreign and domestic bleaching cost is so small that the lowest impost—as little as 5 or 10 per cent—would be sufficient to shut out all importation.

Another matter to be borne in mind is that the crude product is of Asiatic origin and is regulated by quotations established and listed in daily markets in Calcutta, London, Hamburg, and New York. Since these markets in their daily quotations always stand at parity one with the other, barring only such variances as may result from temporary local demands or exchange fluctuations, the American bleachers and dealers in shellac are enabled to buy the basic product which undergoes the bleaching process on an equality with the foreign bleacher at the same price and in the same world markets.

THE IMPORTATION OF BLEACHED SHELLAC DOES NOT HARM THE DOMESTIC BLEACHER

If the question be asked, is any importation of bleached shellac in the United States required, the answer is quickly furnished. Under normal circumstances there is no demand, or so little demand as to be negligible, for the imported product. Occasionally, however, there are delays in the arrival of shipments of the crude shellac from abroad, at other times there is a seasonal increased demand on the part of domestic industries for bleached shellac, and the amount required for immediate delivery is in excess of stock on hand; at still other times there have been temporary shortages in the domestic production due to fortuitous circumstances, such as fires, damage in process arising from causes beyond the control of the bleacher. Whenever any one of these causes creates a demand for immediate delivery the domestic users, and even the bleachers themselves, have come to us as importers of bleached shellac to purchase imported bleached shellac to cover their immediate requirements. In fact, almost

the entire business of Adolphe Hurst & Co. (Inc.), in its shellac department (our concern is the sole importer of bleached shellac into the United States), comes wholly and solely from domestic shellac bleachers and their selling agents. There is and can, therefore, be no question of dumping or underselling the domestic bleachers.

Nor may it be amiss to call attention to the fact that if the reports of the accepted financial agencies on the various American shellac bleachers correctly reflect their financial standing, all of the bleachers have been successful in the conduct of their businesses and have made money steadily during the years in which bleached shellac has been on the free list. The sole gainers from the imposition of a tariff duty would be a limited list, less than a score in number, who at present enjoy a practical monopoly, but who would like to convert that favorable situation into one of actual and absolute monopolistic control.

The only result from imposing an unnecessary and uncalled-for import duty on bleached shellac will be an increase in the price of this commodity to the American user and an increased cost of those other commodities in whose fabrication bleached shellac is a necessary element. This product enters inter alia into the manufacture of lacquers, paints, varnishes, insulating material, shoe dressings, pencils, furniture, playing cards, men's and women's hat bodies, and coated papers, interior decorations, etc. These lines of industry, all users of bleached shellac, represent varied industries employing a vast number of wage earners and having enormous investments of capital. All of them would be adversely affected by a tariff impost on bleached shellac. The number of employees of the domestic shellac bleachers is very small; the capital investment and salary list are very small, in deed, in comparison with the tremendous investments, the wide range of industries, and the multitude of employees in the various manufacturing lines using bleached shellac as an important element of their functioning.

ADVERSE EFFECT OF AN IMPORT DUTY OF BLEACHED SHELLAC

Users of bleached shellac in the various industries affected by any change in the tariff treatment of this commodity have written to us from different sections of the country. The tenor of their communications is invariably the same and asks us, with their acquiescence and assent, strongly to urge the unwisdom of removing bleached shellac from the free list and the propriety of continuing its admission duty free into this country. From among the many concerns who have thus written we give the following:

Wabash Cabinet Co., Wabash, Ind.
 Lilly Varnish Co., Indianapolis, Ind.
 G. J. Nikolas & Co., Chicago, Ill.
 Felton-Sibley & Co., Philadelphia, Pa.
 O. S. Pierce Dressing Co., Brockton, Mass.
 N. Y. Wood Finishers Supply Co. (Inc.), New York City.
 Peaslee-Gaulbert Co., Louisville, Ky.
 U. S. Playing Card Co., Cincinnati, Ohio.
 Paraffine Co. (Inc.), San Francisco, Calif.
 H. C. Collier & Sons (Inc.), Binghamton, N. Y.
 Columbus Varnish Co., Columbus, Ohio.
 Grand Rapids Wood Finishing Co., Grand Rapids, Mich.
 Indiana Varnish Co., Indianapolis, Ind.
 Pinco Papers Co., Camden, N. J.
 Larkin Co. (Inc.), Buffalo, N. Y.
 Zeller Lacquer Manufacturing Co. (Inc.), New York City.
 George McLachlan Hat Co., Danbury, Conn.
 Gilbert Spruance Co., Philadelphia, Pa.
 Glidden Co., Cleveland, Ohio.

The history of the bleached-shellac trade and a study of the ratio of imports both to the total production of the domestic bleachers and to the volume of their export trade compel an interesting deduction. Let us take 1927 and 1928, the two years whose export figures were furnished by the Department of Commerce in an official communication. In those years the exports of shellac of all grades from the United States—and a large part of these exports consisted of American-bleached shellac—came to a total of 1,787,791 pounds; the imports of bleached shellac into this country in those years came to a total of 77,146 pounds, showing that our export trade was approximately 23 times greater in volume than the total of our imports. As a matter of actual fact, the volume of our importation of bleached shellac seems definitely to be controlled and

affected by the volume of our export trade therein, and any increase in the exports necessitates an increased volume of imports. The true fact is that the domestic-market demands take care of the entire output of domestic bleachers, and an increase in export trade necessitates larger imports of foreign-bleached shellac in order to accommodate the export business of the American bleachers.

MONOPOLISTIC CONTROL BY AMERICAN BLEACHERS AND ABSENCE OF FREE COMPETITION

An interesting fact exists in connection with the prices currently quoted for bleached shellac. The total number of American bleachers is less than a dozen. Because of the small number engaged in this line and the ability of those so engaged to dispose of their entire product, it has been a very easy matter to stabilize prices by an unwritten understanding and to maintain fixed quotations. Inquiry in trade circles discloses the fact that the American bleachers all quote identical prices at a given date according to a quantity schedule. No real competition exists and in the absence of such trade competition, prices are definitely fixed and controlled by the limited number of producers; in consequence, the purchaser of bleached shellac, a commodity which enters into many lines of American industry, is arbitrarily forced to pay a price established and maintained by the uniform action of the domestic bleachers. Formerly it was possible for American industries using bleached shellac to make contracts with the American bleachers for 6, 9, and 12 month future deliveries. Such advance orders were placed by the American manufacturer who needed bleached shellac in his business at a time when he considered the market in that commodity a favorable one for his purchase. It must be remembered that shellac is publicly listed and quoted in Calcutta, London, New York; and when the market quotations seemed favorable, the American manufacturer, into whose industry bleached shellac entered as a necessary element, guided his purchases in accordance with market fluctuations. This practice no longer exists, owing to the refusal of the American bleachers, whose monopoly is practically absolute, to accept orders for any longer advance period than three months. As a result of this monopolistic control of prices the American bleacher is free to change prices to his own advantage without being bound by outstanding long-term contracts of the character placed by domestic users of shellac when there was actual free competition among the bleachers.

The imposition of any duty on bleached shellac would simply amount to a bounty to the domestic bleacher, who would pass the entire impost on to the American manufacturer, who requires shellac for his business needs, as an addition to the current price. In that way an import duty would simply increase the cost to the American manufacturer, thus entailing an increase in cost to the American consumer.

That such is the aim of the members of the American Bleached Shellac Manufacturers' Association is conclusively proved by the so-called code of ethics which this association has put into printed form. The very first article of this code—in reality a price-fixing agreement—calls for the sale by members only upon terms "strictly adhered to by each member," which terms shall allow no "discrimination between consumers." This first pronouncement of the association is followed by an inhibition against variations from announced prices and terms; and after the latter requirement comes a declaration that contracts to consumers shall be "only for limited periods." These quoted extracts from the association's formulated rules simply give point to the fact that the small group of domestic manufacturers of bleached shellac back up their absolute monopoly with a monopolistic price control in which a free competitive market for the consumer does not exist, and which, under the guise of allegedly beneficent trade regulation, provides a method for maintaining a definite and fixed scale of prices precluding any possibility of an open or free market for the purchaser of bleached shellac. The imposition of any import duty on bleached shellac therefore simply insures to this price-fixing and price-maintaining monopoly an additional profit, measured in terms of and equal in amount to any ad valorem duty which may be imposed upon bleached shellac. Such duty imposition would work no corresponding benefit to a single American laborer and would have as its sole result and outcome an increased cost to the American user and consumer.

Nor can there be any question of dumping; i. e., flooding the American market with imports of bleached shellac in such sizeable quantities as to break down

the American market for domestic producers: This for the reason that the only foreign country which refines or bleaches shellac is Germany, and the entire capacity output of that country, with the exception of the insignificant poundage imported to this country, is required for continental European needs and is completely absorbed and disposed of in the European markets, and the German production volume can not be increased. The most convincing and conclusive evidence, however, of the fact that there is and has been no underselling is the trival volume of imported bleached shellac which comes into this country in competition with the domestic article. Is it not reasonable to assume that if the imported bleached shellac could be brought into the United States and sold 20 per cent under the domestic article, the American market would by this time have been glutted with the imported shellac instead of having a condition wherein the domestic production exceeds the import volume in the ratio of 300 to 1?

In conclusion, we therefore repeat our opening statement that no justification, from the viewpoint of trade necessity, economic policy, or equalization of foreign or domestic production costs, sanctions or calls for any change from the old classification which placed bleached shellac on the free list.

Respectfully submitted.

ADOLPH HURST & Co. (Inc.),
By G. A. PAUL, *President*.

We, the undersigned, users of bleached shellac in the manufacture of our several products, do hereby subscribe the foregoing brief in its entirety.

Bleached shellac is a material of vital importance in our industry. That industry employs American-made machinery, large numbers of men, and extensive amounts of capital. As a matter of fact, the number of employees as well as the amount of capital in each of our several lines of business exceeds many times the number of employees and capital employed in the bleached-shellac industry. Our interests and the conduct of our business would be seriously and adversely affected by the imposition of any import duty on bleached shellac.

We desire, therefore, to voice a protest as respectful as emphatic against the removal of bleached shellac from the free list and the imposition of any import duty thereon. It may be a matter of interest and of fair candor for us to declare that the domestic shellac bleachers have in recent years quoted a uniform price on a quantity schedule to users or consumers of their product and that there has been an entire absence of free competition in so far as that condition would ordinarily be disclosed by variances in quoted prices. To place any import duty on this commodity would simply give this group of domestic bleachers (numbering by their own admission less than a dozen in all) at present enjoying an absolute monopoly, the unrestricted power to advance prices and thus to compel a number of industries of the first magnitude to submit to arbitrary price raising.

Name	Number of employees	Industries	Capitalization
The Glidden Co., Cleveland, Ohio, by Clifton M. Kolb.	1,800	Paint and varnish.	\$7,500,000 preferred; 500,000 shares no par common.
Larkin Co. (Inc.), Buffalo, N. Y., by M. S. Wheeler, vice president.	2,800	.....do.....	\$30,000,000.
Brunswick-Balke-Collender Co., Chicago, Ill., and Muskegon, Mich.	.....	Bowling alleys, gramophone cabinets.	\$23,000,000.
Devos & Reynolds Co. (Inc.), New York City, N. Y., by E. V. Prindle, vice president.	1,400	Paint and varnish.	\$3,000,000 preferred; 150,000 shares no par common.
John Lucas & Co. (Inc.), Philadelphia, Pa., by J. C. Gilmore.	800	.....do.....	\$4,800,000.
Pineo Papers (Inc.), Camden, N. J., Thos. F. Pinder, president, per Fred G. Smith.	75	Coated paper.....	\$250,000.
N. Y. Wood Finishers Supply Co. (Inc.), New York City, N. Y., by Engel.	.....	Furniture.....	\$50,000.
H. Behlen & Bro. (Inc.), New York City, N. Y., by C. Ulrich, treasurer.	100	Paint and varnish.	\$500,000.
Gilbert Spruance Co., Philadelphia, Pa., by Gilbert Spruance, president.	90	.....do.....	\$250,000.
Ulmer & Co., Philadelphia, Pa., by George B. Ulmer	.....	.....do.....	.....

Name	Number of employees	Industries	Capitalization
Felton, Sibley & Co. (Inc.), Philadelphia, Pa., by A. D. Graf, assistant treasurer.	125	Paint and varnish.	\$600,000.
C. Schrack Co., Philadelphia, Pa., by Joseph Stubb.	.....	.....do.....	.....
Eugene E. Nice Co., Philadelphia, Pa., by G. H. Taylor, treasurer.	65	.....do.....	\$350,000.
Phoenix Paint & Varnish Co. (Inc.), Philadelphia, Pa., by W. Gentry Hodson, secretary.	50	.....do.....	\$200,000.
Samuel H. French & Co., Philadelphia, Pa., by Ed. T. Longsneht, vice president.	80	.....do.....	\$500,000.
Boyer & Co., Philadelphia, Pa., by Wm. F. Boyer.	35	.....do.....	\$50,000.
The George McLachlan Hat Co., Danbury, Conn., by Randall McLachlan.	400	Hats.....	\$250,000.
The Wolthausen Rough Hat Co., Danbury, Conn., by Lawrence Wolthausen.	250	.....do.....	.....
Dankels & Trimpert (Inc.), Danbury, Conn.....	240	.....do.....	.....
Murphy Gorman Co., Danbury, Conn.....	350	.....do.....	.....
The Frank H. Lee Co., Danbury, Conn., by J. Gristamine.	900	.....do.....	.....
Cuff Hat Co. (Inc.), Danbury, Conn., by M. T. Cuff, president.	50	.....do.....	.....
Elkon (Inc.), Weehawken, N. J., by T. T. Crouch.	300	Electrical.....	.....
The Hotopp Varnish Co., Hoboken, N. J., by F. E. McCourt.	.....	Paint and varnish.	.....
Kupfer Bros. Co., Northbridge, Mass., by B. Kupfer, president.	150	Coated paper.....	\$400,000.
Walther & Co., Brooklyn, N. Y., by A. R. Walsh, treasurer.	105	.....do.....	.....
G. J. Nikolas & Co., Chicago, Ill., by G. J. Nikolas, president.	.....	Paint and varnish.	.....
Zeller Lacquer Manufacturing Co., New York City, N. Y., by Hugo Zeller, president.	100	Lacquers.....	\$750,000.
H. C. Collier & Sons (Inc.), Binghamton, N. Y., by H. C. Collier, president.	100	Paint and varnish.	\$125,000.
C. L. Hawthaway & Sons, Boston, Mass., by H. Willis, treasurer.	54	Shoe polishes.....	\$150,000.
E. J. Quinn & Co. (Inc.), Boston, Mass.....	45	.....do.....	\$100,000.
Mallory Hat Co., Danbury, Conn., by W. E. Mallory, treasurer.	900	Hats.....	\$2,300,000.
John W. Green & Sons (Inc.), Danbury, Conn., by R. J. Morrison.	250	.....do.....	.....

CASEIN

[Par. 19]

STATEMENT OF W. S. MOSCRIP, LAKE ELMO, MINN., REPRESENTING THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator KING. Where are you from, Mr. Moscrip?

Mr. MOSCRIP. I am a farmer from Minnesota—Lake Elmo, Minn.

Mr. Chairman, if it is the proper place, we should like to ask that casein be transferred from Schedule 1, paragraph 19, to what we believe to be its proper place, Schedule 7, with the dairy products, because it is nothing but a by-product of milk, and of tremendous importance to the producers of milk. It is proper to make that request for transfer here, I deem it, Mr. Chairman?

Senator SMOOT. Yes; it will be all right.

Mr. MOSCRIP. We filed a brief with the Ways and Means Committee. And as you have noticed, in order to save the time of the committee, two of our witnesses who would have appeared for this organization have withdrawn.

We are asking that we be allowed to bring our brief, which we are requesting to file at this time, more into accord with your ex-

pressed wish of omitting everything that did appear before the Ways and Means Committee.

Senator SMOOT. Yes; we have 20 pages of your own testimony.

Mr. MOSCRIP. Yes. So that with your permission we will to-day bring our brief into the form that you indicate you would like to have it and file it with you.

Senator SMOOT. We would be very glad to have it.

Mr. MOSCRIP. Thank you. There are some things that, while they are partially answered, perhaps, in the House brief, I would like to amplify, with your permission, and meet arguments that have been presented, not formally to Members of Congress but in material sent out by the users of casein—glue manufacturers. They contend in this material that the farmers are being misled and are supporting so-called private creamery interests in asking for the increased duty on casein, and that it would be of no benefit to the farmer if the increased duty was given us.

Senator KING. Before you get through I wish you would give us an explanation of the statement made in your former testimony that there were 10,000,000,000 pounds of milk wasted, which I can not believe, because it goes to feed the pigs and domestic animals.

Mr. MOSCRIP. That is one of the things that I was particularly anxious to meet, Senator; and may I meet that as I come to it?

Senator KING. Surely.

Mr. MOSCRIP. You will find in the House brief the representation of the National Milk Producers' Association stated as 45 or 46 organizations, farmer-owned and farmer-controlled, stretching from California to Vermont, and with about 360,000 farm families represented in that organization. So we contend that we do represent the farmers. Myself and Mr. McGrath appearing here are both actual farmers, living on our own farms.

Any one at all familiar with a fluid milk marketing organization knows that in arriving at a price—and I am making this point, Senators, to meet the point that men selling milk are not interested in casein—I happen to be the secretary-treasurer of the Twin City Milk Producers' Association, and last month we handled 35,600,000 pounds of milk—any one knows who had dealing with a fluid milk organization that in arriving at the price for fluid milk you must take into consideration the price of fat, the price of cheese, and the price possible to get for by-products, because not all of the milk produced in this country goes into fluid milk. In fact, out of our 35,000,000 plus that we produced last month only about 14,000,000 pounds went as fluid milk. The rest had to be manufactured.

Senator KING. That is cheese and butter, I suppose, largely, and the fats?

Mr. MOSCRIP. Yes.

Senator KING. In contradistinction to milk.

Mr. MOSCRIP. I had perhaps best meet your questions, Senators, as you ask them.

Senator KING. Take your own way.

Mr. MOSCRIP. I am very glad to meet that as you raise it. Have I made the point clear, though, that in arriving at the price of milk you must take into account all of the products that milk goes into,

its by-products, butter and casein, cheese and milk powder? Have I made that clear to you, Senator?

Senator KING. I am interested in about 100 creameries. We buy millions of gallons of milk and produce cheese and butter, and so on.

Mr. MOSCRIP. I am very glad to know that you are interested, Senator, because I think I can show you the picture then in Minnesota, understanding the situation as you do.

Now you say that goes into butter and cheese.

Senator KING. In part.

Mr. MOSCRIP. In small part at the present time. Seven years ago in Minnesota—and when I say Minnesota, and when I speak of our organization, the Twin Cities Milk Producers' Association and Land-O'Lakes Creamery I only use them as illustrating the industry all over the dairy territory; I use our own organization as illustrations only, but what I say I think applies to all the other industries all over the country—seven years ago in Minnesota we did not ship a single carload of sweet milk east. It was for use as table milk, some of it, and in ice cream largely. This year, 1929, we will send to this market—that is, the eastern consuming centers—over 3,000 cars of sweet milk.

Now the farmer who produces milk from which this cream is taken no longer delivers once or twice or three times a week his cream to the factories, but it has to be delivered every morning, in order to produce the quality of cream that your eastern markets rightfully demand. So you can see the development that is taking place. And that skim milk is left in volume from 10,000 pounds in some smaller plants to in some of ours to-day 200,000 pounds. And the problem is to dispose of that skim milk in a way that will return something to the farmer for it.

Another point in connection with that. A fluid milk organization, such as ours, furnishing the dealers as we do—now understand, we are just an illustration of the fluid milk organizations in other territories—furnishing the dealers for pasteurization their supply of raw milk, must be able in our plants to take care of a very wide fluctuation. A holiday comes along, followed by Sunday; people go to the country, and that sort of thing; or cold weather follows a spell of hot weather, and consumption decreases to a point that is astounding, unless you are in the business. We have had as high as a 300,000-pound pick-up in two days in our organization.

Now, what outlet could we afford to have standing ready to take care of that pick-up? We would separate it. We protect ourselves with contracts for frozen sweet cream to go into cheese, and ice cream in the fall in the time of the shortage. And then have the skim milk from that pick-up left. We can not afford to have a powder plant standing idle, but a casein plant, if the price is satisfactory, can be operated to meet those fluctuations of a fluid milk organization. Do you get the point, Senator? Have I made that clear?

Senator KING. I understand. I was wondering if there was such a concentration of milk, though, in one place as to justify the establishment of a casein plant? In other words, you must have a very large concentration in a very few places, or you would require so many casein plants.

Mr. MOSCRIP. Contrary to what has been said in one of the presentations by the glue men, the additional investment for a casein plant is not extremely high when you already have boiler capacity and appliances as we have. Take our own plant at Lake Elmo, for instance, our home town. Our casein tunnels are standing there to-day unused on account of the unsatisfactory price of casein.

Senator KING. You say this milk is wasted, thrown away. Why do you not make casein out of it?

Mr. MOSCRIP. I am coming to that very shortly, Senator.

Senator KING. All right.

Mr. MOSCRIP. I am going to meet that. In arriving at your price of fluid milk, if it is taken care of by a distributor somebody pays for that skim milk. Because in negotiating with the farmer that skim milk is figured at a price, and if it is wasted, as we know it is in certain cases—and I am going to file with you a letter on that subject, which I will come to presently, showing some of the wastes along that line—either the consumer or the farmer stands that loss. That is perfectly apparent, is it not, Senator?

Senator KING. I am not on the stand. You proceed.

Mr. MOSCRIP. Well, I want to be sure that I make these points clear.

Senator KING. We will try to understand you, Mr. Moscrip.

Mr. MOSCRIP. And we contend that in order to avoid raising the price to the consumer every possible outlet should be given for skim-milk products.

The point has been raised that we should make no casein in this country. That we should make milk powder. That that is more profitable. We have followed that advice to the point that the powdered milk is depressed to a point where it returns practically the same now as casein. It has been depressed to a very unsatisfactory point, and the production is still going on, and unless we are afforded the relief asked that will continue to a point to which farmers usually continue. Just as we did in potatoes this year in Minnesota and the Northwest. It will be just as logical to argue that we should not make any butter or cheese, but that we should sell our milk as fluid milk, because that is the most profitable way of selling milk, so let us all sell only fluid milk. And let us ask you people to drink it. And not make butter and cheese. It would be just as logical to make that argument as the other.

Now in getting at your point, Senator, with respect to the ten billion pounds, I am going to file with your permission, Mr. Chairman, a letter from Mr. Pirtle. I am not going to bother you by reading it all. I just want to call your attention one paragraph and then I will leave the entire letter with you.

Senator KING. Have you a copy of it?

Mr. MOSCRIP. I presume there is a copy in our office. This is the only one I have with me. [Read:]

These three items alone—

referring to some items that he remarks about there—

would indicate a quantity of ten billion pounds of skim milk not accounted for, probably mostly wasted. It is also true that a large per cent of the skim milk is wasted in the factories and on the farms. This quantity would be, when taken in its entirety, much in excess of ten billion pounds.

I ask to put this letter in the record.
(The letter referred to is as follows):

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C., February 7, 1929.

Mr. W. H. BRONSON,
New England Milk Producers Association, Boston, Mass.

DEAR SIR: This is in reply to your verbal request for information in reference to the quantity of skim milk reported to be wasted in the United States during the year 1928.

It is difficult to arrive at an exact figure showing the quantity of skim milk which was wasted or disposed of in a way not of record for the year 1927 or any other year. This is due to a number of facts, such as the following:

Much of the milk after it leaves the farm is handled by country plants which may or may not separate it before shipping it to the city. If it is separated the disposition of the skim milk is not a matter of record in this bureau. If it goes to the city and is separated there, either in part or in whole, the disposition of the skim milk is again uncertain. It is also true that many of the manufacturing establishments while making other dairy products skim, or partially skim the milk at times for various reasons. This skim milk would be disposed of or wasted. It is further known that the household milk shipped to cities is partially skimmed and partially sold as whole milk by the distributing plants. This again leaves an uncertain quantity of skim milk available for use, or it may be wasted. I have personally seen a milk plant run skim milk into a sewer for two to three hours in a very large stream. Only yesterday I noted in a dairy paper that one plant had wasted 24,000 gallons in a 10-hour run in a single day. These examples are cited just to indicate that where a ready market is not available it is about the only thing that can be done with the skim milk.

In order that you may note the significance of the above statement, please see the quantities of skim milk used in the manufacture of dairy products in the United States as shown on page 291 of the tariff hearing. An estimate of the quantity of milk shipped from the farm to the cities amounts to about 40,000,000,000 pounds a year, of which only 3,000,000,000 pounds are used in the manufacture of skimmed milk products. Just what quantity of the 40,000,000,000 pounds was skimmed is impossible to estimate. However, it is known that from the manufacturer of ice cream, household cream and from the amount wasted the skim milk would amount to 10,000,000,000 pounds. While this quantity is not necessarily wasted, it is largely unaccounted for.

These three items alone would indicate a quantity of 10,000,000,000 pounds of skim milk not accounted for, probably mostly wasted. It is also true that a large per cent of the skim milk is wasted in the factories and on farms. This quantity would be, when taken in its entirety, much in excess of 10,000,000,000 pounds.

Very truly yours,

T. R. PITTLE, *Assistant Marketing Specialist.*

Mr. MOSCROP. Then with that thought in mind I asked Professor Eckles, of the University of Minnesota, to give me his figures on skim milk and buttermilk available in Minnesota for manufacture. I think you probably know Professor Eckles. If you do not, his reputation as a dairy authority and as a scientist is world-wide, and he is regarded as one of the most conservative men that we have in the dairy industry. I file that letter with you, Mr. Chairman, and only point out some of the things in it that are pertinent to the questions the Senator has asked me. I am just going to read his opening sentence:

A train of 350 cars, each loaded with 50,000 pounds, would be required to haul the buttermilk and skim milk produced in Minnesota every day of the year.

Now, we are only one of the many dairy States. And then in explanation of the wastage Professor Eckles in this letter, or brief, or statement, whatever you care to call it, shows the amount of skim milk that can be properly fed to hogs, to calves, and to poultry. And that any amount beyond that falls into that wastage class. Do I make that clear? And the figures are here.

It is a long 3-page letter. After going into all of those outlets on the farm for skim milk, and that includes every hog in Minnesota, according to the assessor's reports, and many of them are where no skim milk is available, so that there are many thousands who have entered into that computation of his that do not consume any skim milk, so that the actual amount would be far larger than the amount that he gives—and his figures are based on last year, not on this year, when we are sending the 3,000 cars of sweet cream east that I have indicated—it is in excess of 3,000; that is a very conservative figure—we have a far greater volume than Professor Eckles indicates in Minnesota. And that figure that he gives, after feeding the calves and the hogs and the chickens, and the hens even—he divides the poultry into two, chicks and hens—is 1,689,000,000 pounds in excess in Minnesota alone of what can be properly fed to livestock.

Senator REED. These figures are per day, are they not?

Mr. MOSCRIP. No; this is for the year. The figure of 1,689,000,000 pounds is for the year.

Senator REED. In Minnesota?

Mr. MOSCRIP. In Minnesota alone.

Senator REED. In a year?

Mr. MOSCRIP. Last year. And I am making the point, Senator, that the amount for this year will be far in excess of that in Minnesota.

And there is another sentence in this letter that I want to call your attention to:

Numerous letters received by the writer from farmers show clearly the problem of using the skim milk is an important one. Farmers write that the pigs, calves, and chickens are already getting all they can use, and what shall be done with the remainder?

This is all in line with this statement of 10,000,000,000 pounds of wastage. Remember that we contend that there are 2,000,000,000 pounds available in Minnesota, which is quite a large figure.

Henry & Morrison, in their book Feeds and Feeding—and they are an unquestioned authority on the subject—on page 645 say:

After sufficient milk has been supplied to balance the ration, an addition will not increase the rate of gain materially and may even lower it if too much is fed.

And then Eckles, referring to skim milk:

A limited amount has a high value but the amount that can be used to advantage is far below the supply available in many localities in the great surplus butter-producing areas.

I would like to put this letter of Professor Eckles in the record.

(The letter referred to is as follows:)

UNIVERSITY OF MINNESOTA,
DEPARTMENT OF AGRICULTURE,
University Farm, St. Paul, June 10, 1929.

TWIN CITY MILK PRODUCERS' ASSOCIATION,
Raymond and University Avenue, St. Paul, Minn.
(Attention of Mr. Moscrip.)

GENTLEMEN: I am sending you herewith the material I prepared in response to your request this morning. I think this material will give you the data you requested.

Yours very truly,

C. H. ECKLES,
Chief of Dairy Husbandry.

DAIRY BY-PRODUCTS IN MINNESOTA

By C. H. Eckles, Chief Division of Dairy Husbandry, University of Minnesota

A train of 350 cars, each loaded with 50,000 pounds, would be required to haul the buttermilk and skim milk produced in Minnesota every day of the year. The total is beyond the imagination to grasp. The Bureau of Agricultural Economics of the United States Department of Agriculture, cooperating with Minnesota State Department of Agriculture, estimates the number of dairy cows in Minnesota January 1, 1928, to be 1,528,000. A previous estimate set the average production at 5,760 pounds of milk yearly. These figures give a total milk production of 8,951,280,000 pounds for the State.

The estimated butter production, including factory and farm, for 1927 is 292,212,336 pounds. The skim milk resulting from this butter production is approximately 6,480,000,000 pounds and the buttermilk 485,000,000, a total of 6,965,000,000.

USE OF BY-PRODUCTS FOR ANIMAL FEEDING

Whenever the question of the utilization of by-products is raised, the answer is, Why not use them for livestock? The remarkable efficiency of skim milk as a supplement to corn and cereals for growing pigs is well known. A certain amount of skim milk is needed for calf raising. Poultry can also make excellent use of skim milk and buttermilk.

AMOUNT THAT MAY BE USED ECONOMICALLY

For calf raising about 2,000 pounds of milk can be used economically. Professor Ferrin, of the Division of Animal Husbandry, tells me a pig can use about 900 pounds economically and the Division of Poultry Husbandry suggest 30 pounds yearly per hen and 15 pounds for each chicken raised. Using these figures and the most recent estimates by the Minnesota State Department of Agriculture as to number of animals in Minnesota, we make the following estimate of skim milk that can be used economically for animal feeding in Minnesota:

Livestock	Number	Pounds	Amount
Dairy calves.....	315,000	2,000	\$630,000,000
Pigs.....	3,710,000	900	3,339,000,000
Poultry (hens).....	11,243,352	30	337,300,000
Raised.....	13,212,000	15	198,180,000
Total.....			4,504,480,000

The livestock of the State can use economically about 4,504,480,000 pounds of skim milk and buttermilk. The estimated amount available is 6,965,000,000, leaving a surplus for industrial uses of 1,689,510,000 pounds. Furthermore these figures are decidedly conservative. They are based upon the assumption that the animals are available on the farm where the by-product is produced and in proper numbers at all times. Such is by no means the case. Many thousands of hogs are raised on farms where no skim milk or buttermilk is available. In

the northern half of the State a surplus of skim milk is available most of the time on account of the small number of hogs raised.

Why do farmers not keep livestock enough to use the skim milk?

Because in a considerable portion of Minnesota farmers can not afford to do so because enough grain can not be raised to more than supply the cows. Experience shows that hogs can not be profitably raised by feeding grain that is shipped some distance from surplus localities. Numerous letters received by the writer from farmers show clearly the problem of using the skim milk is an important one. Farmers write that the pigs, calves, and chickens are already getting all they can use, and what shall be done with the remainder? In the community around Askov, Minn., 23 farmers are, on our suggestion, feeding skim milk back to cows. This is merely a makeshift to get something from the skim milk until it can go into industrial uses.

The claim is not made that the indicated surplus of 1,689,510,000 pounds of skim milk is wasted, although this is the case with a portion. About 10 per cent is used for the manufacture of dry skim milk, dry buttermilk, condensed products, and casein. The remainder is mostly fed to animals under condition when it does not return but a very small value, due to the excessive amounts in which it is fed. Thousands of Minnesota farmers are looking for a market for skim milk and when the conditions are favorable for the sale of by-products the butter industry of the State will undoubtedly be largely reorganized on a basis to get the full value of the by-product.

LIMITS OF PROFITABLE FEEDING OF DAIRY BY-PRODUCTS

The great value of skim milk and buttermilk as supplements to corn and cereal growers is well known. This value is due to the excellent protein of milk and to some extent to the minerals and vitamins supplied. However, after sufficient milk is supplied to fill this need as a supplement, then the value of additional milk fed is much lower. For example, skim milk fed with corn may be worth 45 cents per 100 pounds for pig feeding if fed at the rate of 3 pounds to 1 of corn. If, however, the amount is increased the value of the additional skim milk may be only about 15 cents per 100. Henry & Morrison, in their book *Feeds and Feeding* (p. 645), say, "after sufficient milk has been supplied to balance the ration, an addition will not increase the rate of gain materially and may even lower it if too much is fed." The following quotation from the same book (p. 646) shows the results of experimental work:

"The lessened value of skim milk per 100 pounds when more is fed than is needed to balance the ration is clearly shown in trials by Henry at the Wisconsin station in which a total of 88 pigs, usually weighing 100 pounds or over, were fed different proportions of skim milk and corn meal. When 1 to 3 pounds of skim milk was fed to 1 pound of corn, 327 pounds of milk saved 100 pounds of corn. However, with 3 to 5 pounds of milk for each pound of corn, it required 446 pounds of milk to save 100 pounds of corn; and with 5 to 7 pounds of milk per pound of corn, it took 574 pounds of skim milk to save 100 pounds of corn."

Much the same situation exists regarding the use of by-products for calves and poultry. A limited amount has a high value, but the amount that can be used to advantage is far below the supply available in many localities in the great surplus butter-producing areas.

Senator REED. For my information will you tell me what uses can be made of surplus skim milk? You can make casein out of it, milk powder, and, of course, feed the cattle. What else?

Mr. MOSCRIPT. Those are largely the two chief outlets. We make some condensed skim milk for use in baking, in our organization.

Senator REED. For use in what?

Mr. MOSCRIPT. Baking, in our organization. But casein and milk powder are the two large outlets. And we farmers of the dairy Middle West are tremendously concerned with this casein duty on account of its effect on the whole product. Now the best men in our organization estimate that the duty we are asking on casein would return to our farmers not less than 5 cents a hundred more for our

milk. And 1 cent a hundred last month in our own little organization would have meant \$3,560. We have 7,800 members in our organization. You know how that is made up, Senator. I think there are between 450 and 500 cooperative creameries in Minnesota, Iowa, and western Wisconsin, and we are one of the units selling our butter through them. One cent a hundred last month would have meant to our one little organization, just a fly dot on the universe as applied to the dairy industry, \$3,560, for just one penny a hundred.

Senator SMOOR. On what item did you say?

Senator REED. On casein.

Mr. MOSCRIP. It would amount to that if the duty that we are asking should raise the price of whole milk only a penny a hundred. We contend that it would raise it not less than a nickel if we were able to get a profitable price for casein and a steady market, so that we might manufacture steadily and consistently. That it would raise it a nickel. But if it only raised it a penny, why last month that penny would have meant \$3,560 to our little bit of an organization.

Senator REED. How much casein do you get out of 100 pounds of milk?

Mr. MOSCRIP. The paper men contend 3 pounds. In actual practice, so far as our figures go, about 2.7 pounds of casein.

Senator SMOOR. Where would you find a market for your casein? We would produce more casein than used by the United States.

Mr. MOSCRIP. That is true, but some of the skim milk would still go into powder, Senator. And if we are given the markets that can be given us by a protective tariff, of 20,000,000 pounds of tapioca flour that goes into glue competing with our casein glue, the 48,000,000 pounds of Argentine hide clippings which come in here to make animal glues which compete with our casein glue—if that were given us, and then the imported glue were given us, it would remove a great deal of the present peak load. We are not expecting that casein will take care of the entire output of skim milk, but as one of the outlets for skim milk that we need, and we need every pound of it, on account of the expanding of the dairy industry necessarily in our territory. And we need every penny of protection that we are asking for in all of these related products.

Senator REED. You are speaking for the dairy industries of the mid-western States. What is the condition of the dairy industry in the East?

Mr. MOSCRIP. We are all joining. I am appearing for the National Milk Producers' Federation, Senator. I said that I would use my own locality and organizations as illustration, but I am appearing for the National Milk Producers' Federation.

Senator REED. They have the same problem, have they?

Mr. MOSCRIP. They have the same problem of give and take and of surplus period of production. You know that there is a surplus in the spring that must be taken care of. Casein could be manufactured and sold in the fall.

Senator EDGE. Mr. Moscrip, I understand that an application was made to the Tariff Commission to review this situation. I suppose it was naturally—I have not seen the report—to increase the duty or

to lower the duty, either way. As I understand it, the report of the commission, after two or three years of investigation, was that the duty should remain as it is to-day, 2½ cents. Am I correct in that?

Mr. MOSCRIP. You are correct. And there is an incorrect statement that the request was made by us to increase the duty. That is incorrect if that statement is there. And, if I recall, it is. The request was made by the coated-paper people in 1922 to remove the duty of 2½ cents a pound on casein. It happened to be the same identical gentleman who appeared before the Ways and Means Committee that appeared in 1922 before the Tariff Commission and made the same identical statement, that unless the duty was removed they would be obliged to discontinue business, would be forced into bankruptcy, and so on. And in our brief you will find statements showing the number of millions of pounds from 1922 to 1927 that their foreign exports increased, and the hundreds of thousands of pounds that their domestic business increased, in direct contradiction to what they had said before the Tariff Commission.

They have repeated those same statements before the Ways and Means Committee.

Senator KING. Let us see if I understand you. Your position is, if I understand you now, that these persons of whom you are speaking manufacture or are the users of casein in coated-paper products.

Mr. MOSCRIP. Coated-paper manufacturers.

Senator KING. And, as a result of the processes which they employ, call them cheap or otherwise, they were able not only to satisfy the domestic requirements for coated paper, or largely satisfy them, but they were able to export a large amount.

Mr. MOSCRIP. Yes.

Senator KING. Then, by the production of a considerable amount, they found a market abroad for their exports. Don't you think that was some advantage?

Mr. MOSCRIP. Certainly. We are not quarreling with that at all. All we object to is the statement that unless the duty were removed they would be forced out of business.

Senator EDGE. Let us take the other position. If the duty should be increased, as you ask, from 2½ cents to 8 cents, is it not reasonable to assume that their export trade would, to some extent, be decreased?

Mr. MOSCRIP. Very slightly, I believe. If you will allow him, Mr. Gray is prepared on that and will meet that question. We do not think so. We believe the duty would merely stabilize the product at a point where we know that our customers—or at least we believe we know, after talking with a number of the heaviest ones—can still afford to buy. Our producers' organizations to-day, Senator, take the position that we are interested in our customers making a profit and being able to stay in business and grow and buy our products. It would be idle and folly for us to ask or to contend for a duty that would in any way, in our opinion, injure the industry.

Senator EDGE. We all agree with that general fundamental, of course, but we are trying to get at the facts as to where that dividing line or line of demarcation should be. The Tariff Commission was organized for that specific purpose, to make investigations either for the purpose of recommending the lowering of the duty or the raising of the duty within the 50 per cent limit. As I under-

stand, their investigation of two or three years resulted in a report in which they did not recommend either a raise or a reduction; is that correct?

Mr. MOSCRIP. I think here is the answer, just handed to me. May I read this?

Senator KING. The Senator stated the fact, did he not?

Senator EDGE. I would like to ask if I did not state the fact.

Mr. MOSCRIP. That is true.

The CHAIRMAN. The substance of it was that they could not find the cost of producing milk in Argentina, and that is where most of the casein comes from.

Mr. MOSCRIP. Yes.

The CHAIRMAN. The conversion costs were found by the Tariff Commission. The conversion cost in America was sixty-six one-hundredths of 1 cent per pound, and in Argentina fifty-nine one-hundredths.

Mr. MOSCRIP. Something like that, if I recall, Senator.

Senator KING. Then they add the freight.

Mr. MOSCRIP. The figures they give, if I recall correctly, were 96 cents per hundred for whole milk in the Argentine, as against \$2.40 in this country. That is as near as they could come to it.

The CHAIRMAN. In their report they say they could not find the cost of production of milk in the Argentine, and therefore their report dealt only with the questions that they did find, and that had to do with the conversion cost. The price is exactly as I have quoted it.

Mr. MOSCRIP. You will find the statement that I refer to in our Ways and Means brief, with authorities.

Senator KING. Mr. Moscrip, I do not want to disturb the continuity of your presentation, but I confess that I am not yet satisfied with your answers, and probably you have not reached the point, with respect to the disposition of this 10,000,000,000 pounds of waste milk per annum. Concede that there are 10,000,000,000 or more. That is a complete waste. The farmers get nothing for that now, because, in the sale of their milk there is an understanding that a certain amount of it is going to go to waste. That is, it is not utilized. You have stated that the cost of the casein plant was quite unimportant; it did not cost very much.

Mr. MOSCRIP. Pardon me. The equipment to manufacture casein?

Senator KING. Yes.

Mr. MOSCRIP. I do not want to convey the idea that it is unimportant, but, compared to the effect that a proper price would have on casein, we would be delighted, if you would give us the 8-cent tariff, to put in all the equipment necessary.

Senator KING. You stated you had a plant which was now idle.

Mr. MOSCRIP. That is, the casein department. The plant is not idle, but the casein department is.

Senator KING. You can add to the plant you have already whatever is necessary for the manufacture of casein?

Mr. MOSCRIP. Yes. You can add an addition. You may have to add a little boiler capacity, but the large central unit is there, generally speaking.

Senator KING. Exactly. To manufacture casein, if you have the plant for your other purposes, would require but little additional machinery.

Mr. MOSCRIP. Not a great deal.

Senator KING. Now, if you have 10,000,000,000 tons of milk that goes to waste—

Mr. MOSCRIP. Ten billion pounds.

Senator KING. If you have 10,000,000,000 pounds that go to waste, and the plants can be provided so cheaply, and you have plants already, in part, and you would need only to add a little to the machinery, why can you not utilize it instead of letting it go to waste?

Mr. MOSCRIP. Because the fluctuation in price has been such that it did not even warrant the investment necessary.

The CHAIRMAN. For the last five years there has been a steady increase in price.

Mr. MOSCRIP. We have been following the advice of turning to powder, because it was temporarily more profitable. You know, Senator, what the farmers will do. When potatoes two years ago were \$2.50 per bushel, everyone resolved that he was going to pay off the mortgage on his farm next year, with the result that hundreds of thousands of acres in the Middle West were not dug. The same thing has been happening so far as the powder industry is concerned. Powder is more profitable, so we make powder.

Here is one of the easiest and most logical ways of farm relief—and I think Congress is somewhat concerned, apparently, with farm relief—that we can suggest.

Senator KING. If I may say so, I still think you are exaggerating very much the importance of this as a basis of farm relief, although I have an open mind and am very sympathetic.

Mr. MOSCRIP. Senator, men are here from California and men are here from Vermont. I am here from Minnesota, because I believe this will help to take care of the peak load. In itself, casein is not a highly important product, but in its influence on the whole—and I hope to make that clear—it is of tremendous importance.

I might add, Senator, if I may—

Senator KING. Let me ask a question. Is it not a fact that the importers pay more for the imported casein than they do for the domestic?

Mr. MOSCRIP. Mr. Gray is also prepared on that and will answer that question. He has the figures exhaustively. Mr. Holman asked me to say that the Tariff Commission dismissed the case on account of lack of evidence presented by the paper men to justify any reduction.

STATEMENT OF JOHN McGRATH, MILTON, VT., REPRESENTING THE VERMONT COOPERATIVE CREAMERIES

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. McGRATH. Mr. Chairman and gentlemen, I represent before this committee the Vermont Cooperative Creameries. This is a group of creameries operated in Vermont, farmer owned and farmer

controlled. Last year we did a business of \$4,500,000. I have prepared a little outline here.

Senator KING. You mean to say you sold \$4,500,000 worth of your product?

Mr. McGRATH. Our gross business was \$4,500,000 in these creameries, besides other cooperative creameries in Vermont that I am not really in a position to speak for, although they come under the same line we do.

We are selling milk and cream in the southern New England market and manufacturing our surplus production. Our greatest problem is in handling this surplus production so as to get adequate returns for the farmer's milk which is available in our plants. The most logical outlet for our skimmed milk, because of the nature of our business, is in casein. For that reason we appear and ask that this committee grant our farmers an increase in the casein duty from 2½ cents per pound, as it is now in the House bill, to 8 cents per pound.

The reason why the production of casein is of tremendous importance to our creameries is that casein production is particularly well adapted to intermittent supplies of skimmed milk. Without a reasonable outlet for our skimmed milk it would have to be run into the sewer.

What I mean by an intermittent supply is this, that we are furnishing a whole-milk market, and the whole-milk market requires to-day perhaps 500 cans of milk. To-morrow it will be warm, and it will require 700 or 800 cans. Then it drops back to 500 cans again. For that amount of milk in between there it would not pay to equip for powdered milk. It is too uncertain.

Senator KING. To equip for what?

Mr. McGRATH. Powdered milk, or condensed milk. It is too uncertain. The only way we can do with this, in order to operate, is to charge it back to the farmer, or to add an extra cost to the consumer for this milk, to take care of this milk that we have to hold back at the time the consumer does not want it.

The CHAIRMAN. What do you do—charge it back to the farmer?

Senator EDGE. What do you do now?

Mr. McGRATH. We try to pass it on, but we can not always do it, on account of competition.

The CHAIRMAN. Where do you charge it back, to the milk producer, or to the consumer?

Mr. McGRATH. It is charged back to the producer under the present arrangement.

Senator KING. What do you charge for your milk?

Mr. McGRATH. In selling milk?

Senator KING. Yes.

Mr. McGRATH. We sell at the market price.

Senator KING. What is it?

Mr. McGRATH. At the present time it is 8 cents a quart, delivered in the Boston market.

The CHAIRMAN. That is wholesale?

Mr. McGRATH. That is to the wholesaler.

The CHAIRMAN. Have you a retail market?

Mr. McGRATH. We have a retail outlet.

The CHAIRMAN. What do you charge at retail?

Mr. McGRATH. 14½ cents a quart.

Senator KING. Do you pass that back to the farmer, or is that passed on to the consumer?

Mr. McGRATH. In our way of conducting business, every nickel that is taken in is passed back to the farmer. It is farmer owned and farmer controlled, and operated by the farmers. The operating expense is taken out, and the rest is passed back to the farmer—every nickel. Not a nickel goes anywhere else.

The CHAIRMAN. What is the proportion of local distribution to that of your outside trade, or wholesale trade?

Mr. McGRATH. Our local trade—we have no foreign.

The CHAIRMAN. I do not say foreign. I say outside. You say you ship into Boston. What proportion of your purchases of milk is distributed daily to your daily customers, and what proportion do you have to ship to Boston or some other place?

Mr. McGRATH. That is our entire market—the southern markets. The rest of the market is by-products.

The CHAIRMAN. Do you deliver it every morning?

Mr. McGRATH. Every morning.

The CHAIRMAN. All that you produce?

Mr. McGRATH. No; all that we can sell.

The CHAIRMAN. What do you do with the rest? What proportion of it—

Mr. McGRATH. This varies at different seasons of the year. Perhaps this whole milk industry may be something new to you gentlemen, but we are so familiar with it that we do not think very much about explaining it. In the low period we have so many cans of milk. That might be in November. That is all the milk we can sell as fluid milk, to the city trade. We have to hold a surplus, even to protect that low point. The balance of the milk, as the seasonal increases come on, is manufactured into some by-product.

Senator KING. What?

Mr. McGRATH. Mostly sweet cream, with the milk left on our hands, and we would like to divert it into casein if the price warranted, although we are diverting it into casein at the present time.

Senator REED. How many pounds of milk do you sell daily, at the lowest point of the year, say, in November?

Mr. McGRATH. In our business, speaking of our unit at Milton, Vt., we will take seven hundred 40-quart jugs.

Senator REED. Seven hundred what?

Mr. McGRATH. Forty-quart jugs, or 28,000 quarts. We will take in in the neighborhood of 1,600—

Senator EDGE. You say you do divert at the present time the skim milk left into casein. Have you a market for all you can produce?

Mr. McGRATH. Casein? Yes, sir.

Senator REED. Then you are selling all you produce?

Mr. McGRATH. Yes.

Senator REED. You are not putting any milk in the sewer now, are you?

Mr. McGRATH. No, sir.

Senator EDGE. Your point is, then, in your appeal to raise the tariff from 2½ to 8 cents in order to raise the price of the casein to the producer?

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Mr. McGRATH. Yes. Vermont last year was the fourth State in importance in the manufacture of casein, and this group that I represent manufactured over one-half the casein manufactured in Vermont.

Senator EDGE. But do you consider that you make a profit to-day on the casein that you are selling at the price you are now receiving for it?

Mr. McGRATH. I can not say that we do.

The CHAIRMAN. Do you know that you are making a loss?

Senator EDGE. You would not produce it if you were suffering a loss, would you?

Mr. McGRATH. We would not.

Senator KING. Suppose, instead of making casein, you wasted that milk. You would increase the price of the milk sold to the people to whatever extent the loss resulted from wasting that, would you not?

Mr. McGRATH. No. You can not pass on the loss to the consumer.

Senator KING. Do you not fix your price measured by the price in the general market, in New York or elsewhere?

Mr. McGRATH. Yes, sir.

Senator KING. So you have a sort of uniform price?

Mr. McGRATH. Yes, sir.

Senator KING. Now, if the price fixed in other places does not contemplate any wastage—or, if it does contemplate a wastage and is passed on to the consumers—you fixing your prices by the prices elsewhere, would you not pursue the same course then, and pass it on?

Mr. McGRATH. Our business is such that you can not pass it on. As you stated a moment ago, we govern our price by the market price, whatever the market price is.

Senator KING. You change the price daily or weekly or monthly?

Mr. McGRATH. Monthly, possibly.

Senator KING. To the farmers or dairymen from whom you buy?

Mr. McGRATH. Yes, sir.

Senator KING. It is not a uniform price?

Mr. McGRATH. We do not buy any milk. We are handling our own product. We do not buy any milk.

Senator KING. And you fix the price of your sale, unless you are influenced by the price of sale in New York and elsewhere, in order that you may make a reasonable profit upon your own product.

Mr. McGRATH. Yes.

Senator REED. If I have understood him correctly, the market fixes the price he gets for his product. Isn't that what you said?

Mr. McGRATH. The market fixes the price.

The CHAIRMAN. What ever you get is divided among the members of your association?

Mr. McGRATH. Yes.

Senator KING. Where do you find your market which fixes it? Is it Washington, Boston, New York, or Chicago?

Mr. McGRATH. Boston and New York both.

Senator KING. Is the price higher in New York than it is in Boston?

Mr. McGRATH. At the present time it is a trifle higher.

Senator KING. If the price went up in New York, it would go up in Boston, and then go up where you are?

Mr. McGRATH. As a normal thing, one market follows another.

Senator KING. The milk producers are pretty well organized, are they not, to secure the same advances or increases in price everywhere? I am speaking of the East now.

Mr. McGRATH. I can not say so. We have to negotiate prices with our dealers, and the prices have to be based on the supply and demand.

Senator KING. But you are so closely organized or integrated that the prices that you get in New York are reflected in Vermont.

Mr. McGRATH. I could not say as to that. I do not think so.

Senator KING. I understood you to say that you got the same prices in New York as in Boston.

Mr. McGRATH. The prices are comparatively the same.

Senator KING. Yes.

Mr. McGRATH. Not exactly the same.

Senator KING. Well, substantially the same.

Mr. McGRATH. But if the price were higher in New York, it naturally would make higher prices in Boston.

Senator KING. Do you produce milk?

Senator McGRATH. Yes, sir.

Senator KING. Are you a farmer?

Mr. McGRATH. Yes.

Senator KING. How many cows do you have?

Mr. McGRATH. I have a hundred cows milking at the present time.

Senator KING. You have been engaged in the dairy business how long?

Mr. McGRATH. I have been engaged in it all my life.

Senator KING. You have a farm of your own?

Mr. McGRATH. I have a farm; yes.

Senator KING. How many acres?

Mr. McGRATH. About 525.

Senator KING. Paid for?

Mr. McGRATH. Yes, sir.

Senator KING. Are you making some profit?

Mr. McGRATH. Well, I can not say that I am.

Senator KING. You have made a profit in your activities, have you not?

Mr. McGRATH. Partly; but I have had other activities where I made my money. I do not think, Senator, in my experience with the farmers—and I am dealing very extensively with them—that they are making any money out of it.

Senator KING. Are the woolen mills up there making any money—the textile mills?

Mr. McGRATH. They claim not.

Senator KING. What are the wages of the people up there?

Mr. McGRATH. Wages are good.

Senator KING. They are good?

Mr. McGRATH. Wages are good.

Senator KING. In the textile industry?

Mr. McGRATH. Wages are fairly good in the textile industry, I think. I do not know about the employment, but the wages are good.

Senator KING. On the farm?

Mr. McGRATH. Wages are good on the farm.

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Senator KING. What do you pay?

Mr. McGRATH. Three dollars a day to a man who boards himself.

Senator KING. How many hours does he work?

Mr. McGRATH. He works about nine hours.

Senator KING. You have 500 acres. Do you produce anything besides milk?

Mr. McGRATH. Dairying is our only occupation, practically.

Senator KING. You call yourself a farmer, do you, or a dairyman?

Mr. McGRATH. I call myself a farmer.

Senator KING. What is your land worth an acre?

Mr. McGRATH. I tell you, conditions are like this: You might value it as high as you want to, but you can not sell a farm to-day in Vermont to any man who has got any money. It all has to be on time.

The CHAIRMAN. What is it assessed at?

Mr. McGRATH. I do not know how it is in other States, but the valuation is not high in Vermont.

Senator KING. What are your cows worth?

Mr. McGRATH. From \$100 to \$150.

Senator KING. Each?

Mr. McGRATH. Or \$175, perhaps.

Senator EDGE. I am interested in seeing if we can arrive at any fairly accurate computation of what you would consider you should receive for casein, by the pound, wholesale, in order to make a reasonable profit.

Mr. McGRATH. We figure we should have at least 15 cents a pound.

Senator EDGE. Fifteen cents a pound would give you a reasonable profit?

Mr. McGRATH. Here is a case that I might mention. Pending this tariff bill, the increase in the tariff on casein before the House, the casein buyers were positive that there was going to be an increase in the duty. They thought the farmers were entitled to it, that it was a just duty, and that it was surely going on. They went around buying casein in competition with each other. I was selling for this group of creameries. We sold three carloads to two different companies for $14\frac{1}{8}$ cents a pound. Thinking so surely that this would go through, they were almost willing to contract for 15 and 16 cents a pound; and if it had gone through they would contract at 15 and 16 cents a pound. When there was no action taken on it in the House, the price immediately dropped to 12 cents, and I think it will be only a short time before it will go to 11 cents or 10 cents.

Senator EDGE. I think you will agree with me that that was more or less speculation. They were investing on prospects, the same as men frequently do in all lines of industry and activity. Sometimes they win and sometimes they lose. But, as a matter of record, so that it will be in the record at this point, before this admitted speculation took place on prospects of legislation, according to the report in the tariff information that the committee has for its use, in connection with Schedule 1, Chemicals, oils and paints, for the year 1928, with the present duty of $2\frac{1}{2}$ cents a pound, the average wholesale prices for casein in New York are quoted as follows: January, $17\frac{1}{2}$ cents; April, 16 cents; July, $16\frac{1}{2}$ cents; October, $15\frac{3}{4}$ cents, for one type called 20 and 30 mesh. For another type, fine ground: January, 18 cents:

April, 16 cents; July, 16¾ cents; October, 17 cents. If you are correct—and you no doubt are—in saying that you can make a profit at 15 cents—you made a very good profit during the year 1928, at the present rate of 21½ cents.

Mr. McGRATH. Perhaps I have not made myself clear. This casein is not ground. This casein is in the raw form, as it comes from the dryer. That is what we sell for those prices I have mentioned. Your price is the price of a finished product, after we sell to those casein buyers. Here is the price we were able to get for that same kind, and I think we got as good a price as anybody selling casein of the same grades, that is, from the dryer: On March 14, 1928, 14½ cents; April, 13½ cents; June 6, 13¾ cents; June 20, we were on contract up to November 1, for 18¼; then it went to 12½; in November, 1928, we sold for 12 cents.

Senator EDGE. What is the process that takes place between the condition of the product upon which you are giving quotations and the product as analyzed in this report? What process does it go through?

Mr. McGRATH. It is shipped to the casein houses and it is ground fine, some 20 mesh, and some 100—some finer than others.

Senator EDGE. Apparently the tariff commission had full access to that information, and got all the information as to that, of course.

Mr. McGRATH. Yes.

Vermont is the fourth State in importance in the United States in the manufacture of casein, producing over 1,400,000 pounds last year. Our group makes better than one-half the casein made annually in the State of Vermont. The returns for skimmed milk going into casein are reflected directly back to the farmers in their checks for their milk and cream delivered to our plants. I myself am milking to-day 100 cows on my farm. My milk, with that of the other farmers, goes to the creameries. We sell in the fluid milk market such milk as the consumer desires, and separate the balance selling the cream as sweet cream, and at present the skimmed milk is made into casein. Thus the return for skimmed in casein directly effects me and thousands of other Vermont farmers like myself. A stabilized casein market means the difference between something for skimmed milk and nothing for skimmed milk.

Our creamery at Milton, Vt. with its six branches is to-day manufacturing about 85,000 pounds daily of skimmed milk into casein. The St. Albans Cooperative Creamery at St. Albans, Vt. is manufacturing 50,000 pounds daily. The Richmond Cooperative Creamery at Richmond, Vt., is manufacturing 30,000 pounds; the Clyde Valley Creamery at Derby, Vt. and the Shelbourne Cooperative Creamery at Shelbourne, Vt. are manufacturing 40,000 and 35,000 pounds respectively, making a total of over 200,000 pounds of skimmed milk going into casein to-day through this group of cooperative creameries, with a daily production of about 2½ tons of casein. Other plants owned by proprietary dealers in this State are also manufacturing large amounts of casein.

Also returns of skimmed milk as put into casein are reflected in the price to farmers through higher prices negotiated for surplus skimmed milk with these dealers at times when the casein market is satisfactory. At other plants in the State such as the Barre,

Vermont Cooperative Creamery, surplus skimmed milk is going into the sewer because the creamery considers the returns for casein to be too low for them to afford to put in casein equipment. Owing to the uncertainty of casein returns and the experience in having ever so often gluts in the market due to heavy foreign imports from preceding years, many plants in our State and other New England States have not equipped to manufacture casein. There is no question but what if we have a stabilized casein market that the production of casein in our territory would be tremendously increased as there are large quantities of skimmed milk now going to waste.

The direct effect upon our farmers' returns may be shown by the experience we have had with casein prices this year. When it looked as though there would be an increase in the amount of duty on casein in the House Bill, we were able to sell and did sell casein in its unground state at 14 1/8 cents per pound, f. o. b. Milton, Vt. When the House took no action, all we can get offered to-day is 12 cents per pound for our casein giving us a direct loss of 2 1/8 cents per pound on our casein which means a loss on the present production of this group of creameries, of over \$100 a day.

At the time when the House was considering the tariff bill contracts were offered on casein of from 15 to 16 cents per pound, providing the duty became effective. This \$100 a day is a loss which goes directly to the farmers. The Vermont and other New England farmers need a stabilized market on casein, so that the increased production of casein may provide enlarged markets for skimmed milk and give reasonable returns for that product to the farmer.

We unite with the National Cooperative Milk Producers' Federation in the brief that they are filing.

STATEMENT OF C. E. GRAY, REPRESENTING THE AMERICAN DRY MILK INSTITUTE, THE CALIFORNIA DAIRY COUNCIL, AND THE STATE MILK PRODUCTS CO.

(The witness was duly sworn and deponee before the subcommittee.)

Senator SMOOT. Did you appear before the Tariff and Means Committee?

Mr. GRAY. I did not. This is my first appearance.

Senator SMOOT. Do you represent the National Cooperative Milk Producers Federation?

Mr. GRAY. The National Cooperative Milk Producers Federation erroneously stated.

Senator SMOOT. Do you represent the American Dry Milk Institute and the California Dairy Council, and the State Milk Products Co.?

Mr. GRAY. I represent the American Dry Milk Institute and the California Dairy Council, and the State Milk Products Co.

Senator SMOOT. Do you have any statements introduced which tend to reflect upon the value of American casein. In one of those statements a theory is advanced to the effect that the skimmed milk produced in many sections of the United States is not suitable for manufacturing casein as compared with other countries, the Argentine particularly.

Through personal experience I know that is an incorrect theory; that the skimmed milk of the dairy sections of the United

States may be made into casein of the highest quality. I have had experience in manufacturing casein, not only in California, but in other sections of the United States throughout the entire year, when cattle were on dry feed in barns, as well as when they have been on grass; and I know positively that casein of the highest quality can be made from American skimmed milk, so far as quality is concerned.

Senator SMOOR. I do not think there is any question about the quality of the casein.

Mr. GRAY. However that theory has been advanced. If there are variations in quality it is due to methods of manufacture.

The theory has also been offered that manufacturing casein requires highly technical skill. That is not a fact. Manufacturing casein is one of the simplest manufacturing operations which we have in connection with dairy products; an intelligent factory operator can be instructed in the manufacture of high quality casein in a relatively short time; and the methods of manufacture may be easily adjusted so that we get either casein of high viscosity, or casein of low viscosity.

The tests for determining the quality of the casein, its solubility, its viscosity, and all of the other necessary tests can be carried out very easily with very simple and inexpensive apparatus. All that is necessary is to have a relatively inexpensive balance for weighing out small quantities of the casein and borax and a simple measuring device for measuring out water, and a simple cup for putting a sample of casein into; and it is a very simple thing to determine daily just what the quality of the casein is as it is being manufactured.

If there is a quality problem, it is my judgment that it is probably due to the attitude of the buyers of casein. They have been especially concerned about buying pounds of casein at a low price.

In the process of manufacturing casein we have, as we begin, in the skimmed milk the casein in combination with other constituents; and the more completely the other constituents of the milk, such as the milk sugar and the ash, and the albumen, are removed from the casein, the better quality of casein we will have.

Senator SMOOR. We are going to consider the American casein equal to the Argentine.

Mr. GRAY. I beg pardon.

Senator SMOOR. I say we are going to consider the American casein the equal of any casein made in the world. Proceed on that assumption and tell us why you want protection.

Mr. GRAY. That is fine; and you are right in doing that because American casein, together with our other dairy products can equal or excel the dairy products in any part of the world. We have all the facilities and knowledge for making such a product.

Casein offers an outlet for skimmed milk which the American dairy needs, in addition to lending itself well to taking care of these surpluses which were referred to, especially by Mr. Moscrip. It does that especially well. Much better than any other manufactured product that we have; and he has explained that to you very carefully.

Casein also lends itself well to the utilization of skimmed milk in the less intensive dairy sections; and there is a desire on the part of

dairymen these days to market their entire milk rather than marketing only the cream. That is particularly noticeable in the intermountain sections; and some of the dairy men in those sections are going into the manufacture of milk powder when, as a matter of fact, conditions are not satisfactory, as to intensity of dairying, low fuel costs, low prices for packages, and transportation costs for the moving of the skimmed-milk powder. Casein would offer a very much more satisfactory outlet for the skimmed milk of those sections.

I am talking particularly of Utah and Idaho. Again, they would have only 3 pounds to ship out if it were manufactured into casein where they would have 9 pounds where it is manufactured into dry skimmed milk. So that casein manufacture lends itself especially well to the utilization of skimmed milk.

Another point which I believe was not very clearly brought out this morning as to what makes the price for all of our milk, what makes the price for the fluid milk, particularly in cities; and I may say first that the value of butterfat in the form of butter is one of the largest items; and then immediately after that comes the value of the skimmed milk for whatever it may be converted into; and its value for casein is a very important item there. The value of the butterfat in the manufacture of cheese, and the skimmed milk in cheese is another item; and then the cost of transportation from farm to city is another item. There is still another item in the form of the additional requirements for city milk over what is necessary for manufacturing milk; and when those are all added together we have the proper price for fluid milk, which is our very large outlet for milk. So that the value of skimmed milk as related to casein does enter into that price which the dairymen in the entire country are getting for all of the milk which they sell.

Senator SMOOT. Now, if you will come to what duty is necessary to protect casein, we will hear you.

Mr. GRAY. Yes. What the industry requires is a stable market. I have personally been connected with the manufacture of casein since 1902; and over that entire period we have had a series of hills and hollows in our prices.

Senator SMOOT. Like every other item manufactured has had.

Mr. GRAY. Yes; with prices very often going clear below the cost of manufacture. When the dairy industry secured the tariff in 1922 it was believed that that would be a help; but let us look at what actually did happen; and that is recorded in the United States Department of Agriculture Statistical Bulletin No. 25 entitled "Dairy Statistics" and issued in 1929.

On page 126 we see what did happen and we find that immediately after the tariff was added there was an increase in price; and the imports in 1923 jumped from 14,000,000 pounds in 1922 to 26,000,000 pounds in 1923; and then in 1924 the price of imported casein, the invoice price was 7.8 cents a pound; and during 1924 17,749,985 pounds came in at 7.8 a pound.

Senator SMOOT. In 1924?

Mr. GRAY. In 1924. I will read that figure again: 17,749,985.

Senator SMOOT. At 8.1 cents a pound?

Mr. GRAY. At 7.8 cents a pound.

Senator SMOOT. No; that is wrong.

Mr. GRAY. I beg your pardon?

Senator SMOOT. That is wrong; it is 8.1 cents a pound.

Mr. GRAY. I am reading from the Department of Agriculture publication.

Senator SMOOT. I have it in my hand—the tariff report—tariff information for 1929, found on page 106, giving the imports of casein into the United States.

Mr. GRAY. Well, that is not in accordance with these figures.

Senator SMOOT. Well, never mind.

Mr. GRAY. But the difference is slight.

Senator SMOOT. We have all this; there is no need of putting it in the record because we have got it all here up to date.

Mr. GRAY. I am just offering this as one reason why there should be a tariff.

Senator SMOOT. To-day it is raised to 12.8 cents a pound.

Mr. GRAY. With this drop in price it brought the manufacture of casein down to a point where many manufacturers could not compete.

Senator KING. Dropped from when?

Mr. GRAY. I beg your pardon?

Senator KING. Dropped from when? Because the price is 12.8¢

Mr. GRAY. Dropped in price from 1924. We had a drop in price from 1924.

Senator SMOOT. That is for that year.

Mr. GRAY. For that year, and for the year following there was a slight raise.

Senator KING. In 1918 it was 11 cents plus. In 1920 it was 11 cents plus. In 1921 it was 8 cents plus; and the next year it was 8 cents plus; and the next year it was 12.8 cents; and the next 16 cents—a somewhat abnormal jump—and then down to 8 cents; and it had been to 8 cents two or three years before, and then the next year 8.9 cents a pound; and then in the next year you raised it to 10.8 cents; then 12.8 cents; and the last two years it has been 12.8 cents.

Mr. GRAY. That is the import price.

Senator KING. That is the selling price in the United States.

Mr. GRAY. Yes.

Senator KING. And the local manufacturer got as much?

Mr. GRAY. He did; yes.

Senator KING. You got more than that, did you not, because the importers had to transport it to various parts of the United States, whereas the casein made in the United States at the local markets would get the same price and the additional advantage of freight to the point of consumption; so that you got more than the foreign price.

Mr. GRAY. Yes, sir; yes, sir; that is quite right. However, manufacturers in the United States found that the domestic price of 1924 and 1925 was not high enough for them to continue.

Senator KING. There has been a raise in price since then?

Mr. GRAY. Quite so.

Senator KING. There are abnormalities in every business and is experienced in the manufacture of every product. Take copper. Copper went up to 24 cents but it has gone down to 19 cents within one year and other commodities have sustained similar fluctuations,

some of them very violent. Do you mean to say that because there is a fluctuation caused by some increased demands or decreased supply that you must make the tariff meet those fluctuations because of abnormal conditions or otherwise?

Mr. GRAY. What the dairy industry requires is a more stable market.

Senator KING. Then you must have a more stable buying market, and a more stable price of the dollar. You can not get stability in everything, can you?

Mr. GRAY. No; but this may be traced directly to the imports of casein. I think there is no doubt but what this lack of stability which you have may be traced directly to the import.

Senator SMOOT. But apparently the higher the price the greater the imports.

Mr. GRAY. I beg pardon?

Senator SMOOT. The higher the price the greater the imports seem to be.

Mr. GRAY. Yes.

Senator SMOOT. It ought to be just the reverse, the lower the price the greater the imports. The figures on casein in 1928 are 28,612,000 pounds and the average price for it was 12.8 cents, whereas in 1925, there were only 10,181,256 pounds and the average price was only 8.9 cents. So the low price did not bring more importation—unless there is some other reason it is not the price that regulated the importations. The mere fact of a higher price generally prohibits importations or at least it reduces them, but in this case it was just the reverse. What was the condition in 1925; was there not as much casein in the United States?

Mr. GRAY. I would say not.

Senator KING. That would account for the decline, would it not?

Senator SMOOT. Yes.

Mr. GRAY. Not as much probably as was used before; but the use of casein has been increasing. We have had a general increase in the use of casein.

Senator SMOOT. Then in 1925 there were 25,208,000. From that it went down for the next two years. Then it went up in 1926 and 1927, and it is down to 24 in 1928.

Senator BARKLEY. Is it not true, sir, that the market for casein is affected very much by changes in the conditions of general business in the United States? I notice in 1921 the domestic production and the imports were both very low. As we all remember, that was a period of very much slackened business. Has that been your observation?

Mr. GRAY. Particularly at that time.

Senator BARKLEY. You have not answered my question. Does a general business depression affect your market for casein?

Mr. GRAY. I think it does; yes. It affects the demand for the products for which casein is a part.

Senator BARKLEY. Yes; and consequently reduces the demand for the casein?

Mr. GRAY. Yes.

Senator BARKLEY. Is that true of your other dairy products in periods of depression? Is your market for cream affected?

Mr. GRAY. To a certain extent; yes.

Senator BARKLEY. That is true of your market for whole milk, is it not?

Mr. GRAY. To a certain extent; yes.

Senator BARKLEY. So that we would hurt your market very considerably if we did anything that would cause depression in business outside of agriculture?

Mr. GRAY. If that were done it would undoubtedly be the case, but there is no reason why we can not produce in the United States all the casein that is required at prices substantially no higher than they were in 1928.

Senator BARKLEY. I quite understand that, but of course the demand for your output is going to depend on general business conditions.

Mr. GRAY. Yes.

Senator BARKLEY. Where is your home, sir?

Mr. GRAY. My home is in San Francisco.

Senator BARKLEY. Are there any paper manufacturers out there that you sell to?

Mr. GRAY. There is a very small manufacturer of coated paper in San Francisco.

Senator BARKLEY. What is the principal market for your casein?

Mr. GRAY. The principal market on the Pacific coast is plywood.

Senator BARKLEY. Plywood?

Mr. GRAY. There is a market in plywoods, and that which is not required for plywood enters into coated-paper manufacturing.

Senator KING. Where?

Mr. GRAY. Largely in the eastern part of the United States.

Senator KING. You have the freight rate against you there?

Mr. GRAY. Yes.

Senator SMOOT. You may proceed.

Senator KING. I would like to ask Mr. Gray another question. I understand that there are 75 manufacturing establishments at least that produce coated paper of various grades with an annual output of more than 900,000,000 pounds of a value of more than \$75,000,000, that employ more than 17,500 people, and that have a pay roll of more than \$20,000,000 annually?

Mr. GRAY. I have read that statement.

Senator KING. Do you question that?

Mr. GRAY. No; I do not.

Senator KING. That industry ought to be considered somewhat.

Mr. GRAY. Certainly.

Senator KING. And if you increase the price of casein to that industry it would affect it more or less, depending upon the amount of increase of the casein?

Mr. GRAY. But there is no doubt, as I have said before, that the dairy industry of this country can supply all of the casein required at prices substantially no higher than last year. The real problem in going into the manufacture of casein is that just about the time you get to going in manufacture the price falls below the cost of manufacture.

Senator KING. My dear friend, the price has not varied nearly so much as it has on the products of nearly every other industry in the

United States. The lowest price this year was 8 plus cents, and the highest 12 plus. Of course that is quite a——

Mr. GRAY. That is a large percentage variation.

Senator KING. But when you take into account the fact the simplicity of the manufacture of casein and the statement made by one witness this morning that there were nine or ten billion pounds of milk annually thrown to waste; consider also the fact that the necessary machinery costs but very little and that you can use your plant for other purposes, I can not understand why you could not manufacture it and put it on the market at a cost considerably less than the foreigners, who have ocean freight to consider and so forth, because in Argentina they do not have the market for milk and for butter and for the various manufactured products such as powdered milk, evaporated milk, and condensed milk, such as we have in New York, Boston, and these thickly settled districts of the United States where we have a fine market for butter and milk products. Their market is limited.

So you have the advantage of a fine market for your milk, for your butter, and for your powdered milk; then this is the waste. I can not understand yet from the explanation made—and I had a very sympathetic point of view, I may say frankly, for this industry—I do not quite understand why you can not manufacture in competition with Argentina.

Mr. GRAY. Well, it is not being done; and it represents a very substantial market which the dairy industry of this country should have, and which they can take care of well and in a manner which will not work any hardships on the users of the products.

All that we require, or what we require, is sufficient tariff to stabilize the industry and prevent drops clear below the cost of manufacture which causes the manufacturer of casein to abandon casein manufacture and attempt something else.

Senator KING. Will you please give us a formula by which we can stabilize all the business in the United States that is affected directly or indirectly by this business?

Mr. GRAY. A reasonable tariff on casein, in my judgment, will take care of this situation.

Senator SMOOT. Where is your market?

Mr. GRAY. I beg pardon?

Senator BARKLEY. He said it is partly in California and partly in the Eastern States.

Senator SMOOT. Where do you ship it to in the East?

Mr. GRAY. We ship to various casein manufacturers of the East. At one time the company which I represent was the largest manufacturer of casein in the United States.

Senator KING. Where was it located?

Mr. GRAY. I beg pardon?

Senator KING. Where was your company located?

Mr. GRAY. In California—manufacturing at various places in California. They shipped casein to the Champion Coated Paper Co., to be specific, to the West Virginia Pulp & Paper Co., to S. D. Warren Co., and other coated-paper manufacturers.

Senator SMOOT. What was your freight rate?

Mr. GRAY. The rail rate, I believe, was about \$1.25 a hundred.

Senator BARKLEY. You ship by canal now, do you not?

Mr. GRAY. To some points, of course, like Ohio, there is very little advantage to shipping to canal to New York and then transshipping back to Ohio. That part of it goes by rail, but we are shipping to points along the coast by water. I am not sure about the rate, but it is 0.5 or 0.6 cent per pound, I think, by water only.

Senator SMOOT. Do you pay as much for the milk as they do in the East?

Mr. GRAY. Substantially the same, yes. The milk prices in California are substantially the same as they are throughout the rest of the United States.

Senator SMOOT. You have the freight rate against you?

Mr. GRAY. Yes. Now, as a practical matter, we found such fluctuations in the price of casein and we are confronted with the necessity of manufacturing up our supply of skimmed milk very often at less than the cost of manufacture so that we have shifted our business very largely to dry skim milk; and now we find that so many others have done that same thing, and are doing that same thing, that prices on dry skim milk are falling to a point where manufacture is no longer profitable.

Senator SMOOT. That is the local manufacturers, is it not?

Mr. GRAY. I beg pardon?

Senator SMOOT. That is the local manufacturers, not the foreign manufacturers?

Mr. GRAY. The local manufacturers. The amount of imported dry skim milk is small. Imports of dry skim milk are small.

What the dairy industry needs at this time is a larger market for skim milk; and that is the reason for asking for the increase in tariff.

If the dairy industry has some reasonable assurance that in a relatively short time, say, by the end of this year or the beginning of next year, we would not be confronted with the situations with which we have been confronted so frequently in the past of prices going below the cost of manufacture, there is no doubt but what the manufacturers of casein would go ahead very rapidly.

Senator KING. You must expect fluctuations in every line of business or enterprise.

Mr. GRAY. Notwithstanding the fact that the uses of dry skim milk has increased so that the market for dry skim milk is twice as much now as it was three years ago, the production is still going ahead so rapidly that prices continue to go down and profits are removed from the manufacture of dry skim milk.

Senator SMOOT. I want to say now that we expect to be called away very shortly to the Senate. At the rate we are going we will never get through this list in 10 days. So I am going to ask you to be as brief now as you can.

Mr. GRAY. I will simply sum up what I have said. We are agreed on the matter of manufacturing quality in the United States and that the quantity of skim milk is way beyond the requirements. There is no doubt about that. All that we do require is a stable market so that the manufacturing will be justified; and there is no doubt but that a tariff would stabilize that at a price which would give ample quality and work no hardship on the users of casein.

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Senator BARKLEY. And we are agreed on the further fact, are we not, that if Congress will grant proper tariff protection to industry in general the market for your products is likely to be better than if business is depressed by inability to compete with foreign importations? Are we not agreed on that, too?

Mr. GRAY. I think we may agree on that without going into details.

Senator BARKLEY. It is particularly important, because we are called on this afternoon, probably, to vote on a resolution which would deny any tariff corrections for the benefit of any industry except agriculture.

Mr. GRAY. It is a fact that industry at the present time has a much higher rate of protection than agriculture; and, dealing with the specific things that we have here, the tariff protection of 4 cents a pound on coated paper is high when compared to the very small amount of casein in a pound of coated paper.

The plywood industry, I understand, has, according to the House bill, been granted an increase in tariff. So that both of these products into which enters a large percentage of the casein are well protected by tariff; and there is no doubt that the dairy industry needs additional protection on casein.

Senator BARKLEY. I notice that the bill as it comes from the House has increased the duty on whole milk from 2½ cents to 5 cents a gallon. Is the industry as a whole pretty well satisfied with that?

Mr. GRAY. So far as I know, that is the case.

Senator BARKLEY. Cream has been increased from 20 to 48 cents a gallon. Is that pretty well satisfactory?

Mr. GRAY. I understand that is satisfactory.

Senator BARKLEY. And a duty on skim milk and buttermilk has been imposed at 1¾ cents?

Mr. GRAY. Yes.

Senator BARKLEY. That is about what the industry wants, is it not?

Mr. GRAY. Yes. But when we come to compare casein with all these others we find that the protection offered on skim milk entering into casein is very much lower than skim milk in any other form.

Senator BARKLEY. Yes.

Mr. GRAY. To have a reasonable level on the various dairy products the increase on casein is very essential. At the present time the arrangement leaves it wholly out of line with all the other dairy products.

STATEMENT OF W. F. JENSEN, CHICAGO, ILL., REPRESENTING THE AMERICAN ASSOCIATION OF CREAMERY BUTTER MANUFACTURERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. JENSEN. I will make my remarks short, because everything has been pretty well covered. I represent the American Association of Creamery Butter Manufacturers, which is a national organization directly representing about one-half of the creamery butter manufacturers in the United States. We are also interested in casein; and we are asking for an import duty of 8 cents per pound.

Senator KING. Instead of two and one-half?

Mr. JENSEN. Instead of two and one-half.

Senator SMOOT. On casein?

Mr. JENSEN. Yes, 8 cents.

Senator KING. There is an import duty on it now of 2½ cents and you want it raised to 8 cents?

Mr. JENSEN. Yes, sir; we want it put up to 8 cents in order to encourage domestic production to offset the \$28,000,000 pounds that are now imported.

Senator SMOOT. In other words you want an embargo on casein so that none of it can come into the country.

Mr. JENSEN. Not exactly an embargo, no.

Senator SMOOT. If there were not an embargo it would not take care of 28,000,000 pounds.

Mr. JENSEN. I will develop that.

Senator KING. It has sold from 8 cents a pound to as high as 12. If you add 8 cents you are practically putting an embargo on it, are you not?

Mr. JENSEN. The highest is 14 and 16 cents a pound.

Senator SMOOT. Not the foreign valuation.

Mr. JENSEN. That is the selling value.

Senator SMOOT. We are talking about the importation value.

Mr. JENSEN. The value of the domestic production. In order to understand the application of the duty that affects the cost of casein it must, or should, be figured out as the price of the milk that it is manufactured from; that is, skim milk. In the schedules that have been given by the House, or recommended by the Ways and Means Committee and now before the Senate Finance Committee, the duty on cheese figured on skim milk amounts to 25½ cents per hundred pounds, allowing a certain portion to take care of butterfat, as applied against the skim milk—25½ cents per hundred pounds. In condensed or evaporated milk it figured 20 cents per hundred pounds of skim milk.

Dry skim milk figured 21 cents and casein 7½ cents per hundred pounds.

Senator KING. But all of the milk that goes into the manufacturer's cheese is not skim milk, is it?

Mr. JENSEN. No. I allow for that, Senator.

Senator BARKLEY. That is figuring 3 pounds of casein to every hundred pounds of milk?

Mr. JENSEN. Yes.

Senator BARKLEY. Do you get that much?

Mr. JENSEN. Not quite 3 pounds. I have figured it 3 pounds to the hundred pounds of skim milk. The actual duty on cheese was figured 73½ cents per hundred pounds of the whole milk. Allowing the proper proportion for the butterfat in the whole milk, it would allow 25½ cents per hundred pounds for skim milk.

The question has been raised here in reference to the use of skim milk in casein. I have made casein off and on since 1902. In 1902 I established a plant in Topeka, Kans., ran it two years, and then it was closed because the price was not sufficient to pay for the manufacture. Again, in 1910, I established two factories in the Inter-mountain States, and they were closed after running about two years because the price did not pay for the manufacture and production. At the present time I am interested in a company that

operates four casein factories, and the business has been quite satisfactory for the last three or four years. Now the market price of casein is fluctuating again.

Senator BARKLEY. Do you know the price of casein at the present time?

Senator KING. Wholesale or retail, Senator Barkley?

Senator BARKLEY. Wholesale.

Mr. JENSEN. The price in New York is 16½ to 17 cents for fine mesh—that is finely ground—casein.

Senator KING. What is the date?

Mr. JENSEN. That was the price on June 3d.

Senator BARKELEY. Sixteen and one half cents on the 3d of June.

Mr. JENSEN. That is the price quoted in the Oil, Paint and Drug Reporter. However, the offering price in the interior at the present time is down to 12 cents, and undoubtedly at the present time from every indication that we have there is going to be another period of low prices.

The reports we have indicate that there is a big increase in the production of casein going on in other countries, especially in France and in the Argentine.

Senator SMOOT. You mean from import into the United States?

Mr. JENSEN. No; increase in production.

Senator SMOOT. Greater than they were in 1928.

Senator BARKELEY. He says they have been increasing.

Senator SMOOT. But as to import into the United States; are they increasing?

Mr. JENSEN. There is an increase in production; and, eventually, most of that, or at least half of it must find a market in the United States, according to the past history of our importations and the world's use, and the world as a whole.

I think one of the reasons that more casein comes into this country when the price is high is because it has been held over from a previous low-price period and released when the market was high. Casein is not a perishable product and may be carried along, and the real demoralized condition may not come for two or three years in that industry.

I want to answer another question and that is in the operation of our plant—and I think it is true of most of us who make casein—we go out and buy our milk from the farmers and pay him so much per pound of butterfat and in buying that milk we have to compete with the condensed-milk factories and dry-milk factories and cheese factories; and in buying that milk we are buying skim milk just as much as we are buying butterfat. We are buying milk. If the skim milk had no value to us the plant would operate at a loss, because the value of the skim milk in itself is considerable and amounts to the entire profit that would be made in the total transaction.

Senator KING. It has been stated by a previous witness that in the past few years there has been an annual waste of 10,000,000,000 pounds of milk. Therefore the men who buy milk buy it with the understanding that 10,000,000,000 pounds are to be wasted.

Mr. JENSEN. I would not say anything about that question, Senator, because I do not know that there is any milk wasted.

Senator KING. We had Professor Eccle's statement about this, and about whose learning we heard so much this morning.

Mr. JENSEN. Yes.

Senator KING. And you would controvert his statement that perhaps more than 10,000,000,000 pounds were wasted annually?

Mr. JENSEN. No; I will not controvert that. I merely say that I do not know.

Senator KING. But assume it is 1,000,000,000, or any quantity, when the milk is bought it is bought with the understanding that a considerable proportion is going to waste.

Mr. JENSEN. That would be true in some sections.

Senator KING. If they do not feed it to pigs or cattle. Why could they not utilize more of the milk instead of wasting it? Why not use the 10,000,000,000 pounds for hog feed?

Mr. JENSEN. In this casein question, as I stated, I have myself engaged in that industry three times in the last 27 years.

Senator KING. Pardon me, Mr. Jensen; is there any reason why there should be such a large waste? Why can they not feed it to hogs, cattle, or chickens?

Mr. JENSEN. That is a question I can not answer. I do not know how they are situated.

Senator KING. I know when I was a boy we had from 20 to 100 hogs to butcher every fall, and my back used to get terribly tired carrying milk to feed those hogs.

Mr. JENSEN. Skim milk is worth about 40 cents per hundred pounds to feed. It will not stand very much transportation; and I think that is the main reason it is not used for feed purposes. The surplus skim milk, for instance, in Boston or in Chicago or in New York, if it exists, it would hardly pay for transporting it out to the farm where it might be fed. That would be my theory of it.

Senator KING. You could not establish a casein factory out there on every farm, could you?

Mr. JENSEN. No; but you could in the center of the town where the surplus existed. I have not given much thought to that. I am merely speaking from what I think answers that question.

Senator SMOOT. Have you given us all the reasons now you can think of as to why casein should be from 2½ to 8 cents?

Mr. JENSEN. I think with the other arguments that have been made that the price of 15 to 16 cents a pound is all right.

STATEMENT OF WALTER D. RANDALL, REPRESENTING THE CHAMPION COATED PAPER CO., HAMILTON, OHIO

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. Mr. Randall, you appeared before the House committee, did you not?

Mr. RANDALL. Yes, sir.

Senator SMOOT. On two occasions, or on just one?

Mr. RANDALL. I appeared on one occasion.

Senator SMOOT. The record shows you appeared twice.

Mr. RANDALL. I was a member of a committee that came before Manufactures—

Senator SMOOT. You appear in the record at page 326 and your testimony runs from page 353—

Mr. RANDALL. My name is on the brief that was filed with the House committee and then I gave oral testimony also.

Senator SMOOT. What I would like to have you do is not to repeat what you have stated before, for that is before us now.

Mr. RANDALL. I am quite sure I will be able to avoid repetition. I represent the Champion Coated Paper Co. of Hamilton, Ohio, and a subsidiary of that company, the Champion Fibre Co. of Canton, N. C. At Hamilton, Ohio, we operate the largest coated paper mills in the country and we are, for that reason, probably the largest consumer of casein in America.

It has been stated that the coated paper industry consumed about 85 per cent of the total casein produced and imported into this country. So our consumption of nearly 6,000,000 pounds out of a total of 42,000,000 pounds makes us consume about one-seventh of the total quantity.

I personally have been in this business for the last 25 years and have been directly in contact with the casein situation and have had charge of all of our buying since 1913. I have heard some rather interesting statements by some of the gentlemen on the other side, principally this amazing fact—they stated it as a fact—that there are 10,000,000,000 pounds of milk wasted in this country every year.

Apparently you gentlemen are to be led to believe that by increasing the duty to 8 cents a pound that the price will be raised by the difference between the present 2½ cent duty and 8 cents, an increase over the present market price of some 5½ cents will be brought about. In other words, with 10,000,000,000 pounds of wasted milk to be absorbed by this increased production of casein at a higher cost to us of 5½ cents per pound. Figure out our own individual picture on that.

Senator BARKLEY. If 10,000,000,000 pounds is manufactured into casein it would produce about 300,000,000 pounds every year, would it not?

Mr. RANDALL. I beg pardon.

Senator BARKLEY. If 10,000,000,000 pounds of skim milk were converted into casein it would produce about 300,000,000 pounds of casein.

Mr. RANDALL. Yes.

Senator BARKLEY. That added to the present production would be approximately six times the country's present demand.

Mr. RANDALL. Yes—amazing figures, you see!

Our business, and I presume nearly every other industry in the country, operates on just the reverse of the theory which has been offered here, that is the hope of increasing production and sales by raising the price. That is contrary to the experience of any large successful industry I have known in this country. In my own experience covering the last twenty-odd years when we wanted to increase our production and sales of paper we discounted and knocked off a few cents; we did not hope to do it by raising our price; we always dropped our price way off, then we would go out and get the business and load up.

Senator BARKLEY. What is the name of your company?

Mr. RANDALL. Champion Coated Paper Co. We manufacture other paper products. We have part of the Government contract for postal cards and now have the internal revenue contract. Occasionally we get a postage stamp contract.

Senator BARKLEY. Is coated paper what we know as sized paper?

Mr. RANDALL. No. Sized paper will cover quite a range of papers. For instance, all writing paper, bonds and ledger papers are sized. Coated paper you might say is just painted paper. The act of coating is merely an act of painting. We run our paper in the web, in the rolls, through painting machines and they literally brush paint—apply this paint to both sides of the sheet; and the casein is used as the cheap adhesive to hold the clay on to the surface so that it can be calendered—highly finished—and so that the clay will not be picked off when they print these fine-screen half-tone cuts. You are familiar, of course, with magazines and various other publications that use coated paper. Whenever they have a high class job of multi-color work they come to casein because it reproduces the fine-screen half tones in a very superior way and covers up all the little pieces of fine fibers which would otherwise show through the screen of the inked sheet.

Senator KING. It covers them and becomes the surface of the paper.

Mr. RANDALL. That is it exactly. We fill up fine holes there that are hardly visible to the eye.

In the coated-paper business we have an outside limitation beyond which we can not go on our costs because there is an alternative to be used for coated paper. Sometimes in the highest class of work they use a very highly calendered paper known as supercalendered paper and we are always fighting that thing. Frankly, there is hardly a month goes by that we do not lose a good large coated job that has gone back to supercalendered.

Only this year we lost one of our very large orders that we have had for years for several thousands come a year. They have indicated that this is the last year we will have that order. It will not do us much good or help us keep our other customers to tell them that because the domestic market of casein has gone up some 5½ cents now because of an increase in the tariff, and we have got to increase our selling price. At that rate our business would simply evaporate; it would not be there, for the people would simply go to supercalendered. They would say: "Thank you for the information!" And that is about all the consideration we would get. We certainly would not get any business.

Senator KING. Do they use casein in the supercalendered paper?

Mr. RANDALL. No, sir; none whatever.

Senator KING. So the casein manufacturers would lose a large part of the casein market.

Mr. RANDALL. Absolutely. These gentlemen do not seem to understand the situation at all.

Mr. Moscrip, made a statement here I thought rather scoffingly—perhaps not—that in the previous testimony that had been offered by certain of these group forecasted the failure of certain plants now engaged in the manufacture of paper should they raise this 2½ per cent duty. **Mr. Moscrip** threw this out himself. I would not have thought of mentioning it had he not mentioned it first, but here is

the fact: These firms have gone out of business and discontinued the manufacture of coated paper entirely: Wetmore Manufacturing Co., Holyoke; the Bradford Coated Paper Co., Kalamazoo; the New Jersey Coated Paper Co., of Mount Claire, N. J., owned by a very large corporation, the United States Printing & Lithographing Co., of Cincinnati and Baltimore; and Doty & Scrimmager of Reading, Pa.; and the Franklin Coated Paper Co., of Franklin, Ohio.

Senator KING. Why?

Mr. RANDALL. Simply because they were in a position where they could not compete with these other firms. They were all modern up-to-date concerns. The New Jersey Coated Paper Co., at Mount Claire had 12 coating machines; and these were all up-to-date modern plants; but they found they could buy their coated paper cheaper from the men who had the mills; who had their own paper plants, manufacturing plants in connection with their coating plants.

Senator BARKLEY. Where is most of the paper coating done; do you know?

Mr. RANDALL. At our own plant which manufactures paper at Hamilton, Ohio, we employ some twenty-five hundred people. The largest coated-paper center in the United States is Kalamazoo, in the vicinity of Kalamazoo; and in that city there are probably from six to eight concerns. It is quite an important industry in that section; and I think nearly all—yes, I believe all of those concerns are operating in conjunction with paper mills.

But there are a great many other coated paper companies, like Mr. Cantine's company at Socrates, N. Y., who have a large plant, but no paper mills. And you can see where he is left if he has to pay a higher duty and raise his selling price. It is hard enough to get business now, I assure you. He will simply have to go out, and there is no doubt about it. And I think before the other committee Mr. Cantine was asked what their profits were. He said they were around 1 per cent last year. If this duty is put on I could name three or four concerns that will go out in three or four years just as sure as anything in the world. They can not exist. Some of the rest of use can get by because we have this diversified paper mills proposition in connection with our job that we can run along or shut down, or go into the use of some specialty or substitute.

It may be talking a little out of school, but right down at your Patent Office we have patents that are authorized to us but not issued on improvements in the use of manufacturing of coated paper. Now, if this duty comes on we are certainly going after that, because it will cut our consumption of casein down to one-third of what it is to-day. And you can imagine what advantage it gives us over our competitors. We do not want to be forced into that, but you know how this game is; it is the case of the survival of the fittest.

And these gentlemen, without seeming to grasp the economics of the manufacturing game, and the condition which the coated paper manufacturers are encountering, come here and ask for a tremendous duty, 8 cents a pound on our consumption, which, being nearly 500,000 pounds a month, is \$40,000 a month increase in the cost of casein.

There is another fact that I would like to bring out. The duty of 2½ cents a pound went on in 1923, I believe. The same argument was then advanced as to the great benefit that this was going to be the

farmer. It is a fact, according to the statistics had from the Agricultural Department, that the price paid to the farmer for milk in the subsequent five-year period actually averaged less than the previous 5-year period before the duty became effective. And now we come to the same argument again on helping the farmer. He does not seem to be worried about it. I know a party that went on a tour of this whole casein section that they talk about in the northwest and interviewed about 500 farmers, stopping at their places, and he found three or four that knew about casein, only three or four.

One of the gentlemen who preceded me, the gentleman from Vermont, told you members of the committee that it was an intermittent proposition, their manufacture of casein. We are using it not intermittently. If we are going to run our mills or employ all our people, keeping them busy, we have to have that casein there or we will have to shut down.

Senator REED. Does it deteriorate fast?

Mr. RANDALL. It will not deteriorate if it is thoroughly dried and stored in a dry place. If it becomes moist it will soon become mouldy and become rotten and with terrific odors.

Senator REED. Intelligently cared for then they ought to be able to store the product made of surplus milk supply?

Mr. RANDALL. Indeed it could be stored for years.

It has been said here, and I think you gentlemen have accepted the statement through misunderstanding, that the quality of the American casein was satisfactory. I wish to correct that, because that is absolutely not the case. Hardly a week goes by that we do not get casein in our laboratory from some part of the United States or other. We have come to the point where we have settled on California casein as the only sure, reliable source of good casein supply suitable for our work. And the season in California seems to be a little different, in that the milk flow is possibly more uniform, more prolonged, but it is a fact that we have only been able to get a regular supply of good casein in America from California. Now that is partially due to the fact that we have a man looking after that. He goes into the plant. If their methods are not right he shows them how to make them right. A year or so ago he told me that he had closed up a contract for all the casein produced in California with one or two exceptions. But it lasted one year. These creameries got on a good manufacturing basis, working on a uniform product, and then they were immediately attracted to the greater return of milk powder. There were then 21 creameries in California producing casein, and now there are only four producing casein. The other 17 have gone to the more highly remunerative milk powder.

Senator KING. You would have bought their product if they had continued?

Mr. RANDALL. We were anxious to get it. It was a blow to us to lose them. Last year at Hamilton we used 2,000,000 pounds of domestic casein that cost us \$15.35 a hundred on an average.

Senator KING. Delivered there?

Mr. RANDALL. Delivered at Hamilton; yes. We brought foreign casein at an average delivered cost of \$16.20. In other words, we paid nearly a dollar a hundred more for the foreign casein.

Senator REED. A dollar a hundred more for the foreign casein than you paid for the domestic?

Mr. RANDALL. That is it exactly. We would not have bought a pound of the Argentine, naturally, if we could have bought that quality here in America. We have had this man scouring the country. After the other hearing we had him just go over the situation and make us a complete report as to the casein-producing sections of the United States, showing how much they produced, and what the situation was, and whether or not we could employ him to go in there and show these people how to produce good casein that we could use, and he came back and said it is an absolutely forlorn hope.

Senator REED. Why is that?

Mr. RANDALL. They are too indifferent. It is an intermittent proposition, just as these gentlemen say. It comes at the peak flow. They do not think of casein at any other time of the year than when they get this peak flow. Then they have this surplus of milk beyond what their usual channels can absorb, and then they turn to thinking about making casein. And their plants may be varying, and all that sort of thing, you know, and they do not employ a uniform method. There are hardly any two of them that seem to make it the same. You can not depend on them.

Senator REED. Is the Argentine casein dependable in quality?

Mr. RANDALL. Absolutely dependable. We have been using it for years, and I have yet to recall the first rejection we have had.

Senator KING. Does sunlight have something to do with the product?

Mr. RANDALL. It may be. It prevents the odor of burning which some of the American production is subject to. They dry it artificially and it becomes burned and then the particles become insoluble. You see there are several qualities in the casein that must be inherent in the material to make it satisfactory to coated paper. That is, it has to be odorless, it has to be fully soluble in 15 per cent borax, and it has to have strength. If it is deficient in any one of those three of course it is an inferior product.

Some of the gentlemen who have just preceded me told you how simple a thing it is to make casein, and yet they do not do it. Why don't they put on their overalls and go to work and learn to make it uniform like they do in California?

Senator SMOOT. What percentage of the American production do you use?

Mr. RANDALL. The American production would be about 25,000,000 or 26,000,000 pounds, according to the records, will it not?

Senator SMOOT. Yes.

Mr. RANDALL. We use about 6,000,000 pounds.

Senator SMOOT. As between the imported article and the whole production, what does your one mill use?

Mr. RANDALL. We use about half and half, very nearly half and half. A little more domestic than the Argentine. But in order to insure ourselves a uniform supply we have opened up a department of casein at Buenos Aires. We have a man there on the field all the time who cables us every few days of the situation, and we authorize him to buy it for us when we need it and when it is not available up here.

One of the gentlemen spoke of a price of 12 cents a pound on domestic casein. I have not heard of any such price. The last price I have had on domestic casein, in the last few months—and I am right up to date on that sort of thing—is in excess of 14 cents a pound. I think there was a little confusion in some of the preceding testimony about the prices you referred to in the records here. You mentioned a price of 12½ cents New York; of course that is before the 2½-cent duty; 12½ cents c. i. f. would be 15 cents New York.

Senator REED. That is the invoice price, Argentine?

Mr. RANDALL. Yes. And then the duty has to be added.

Senator REED. Duty and freight?

Mr. RANDALL. Yes; duty and freight.

I was greatly surprised to note in the brief filed by the Dairy-men's Association that there were a number of Ohio concerns on their Dairy-men and Farmers' Associations, and all this and that, and I knew there were no concerns in Ohio manufacturing casein. Here I was going way out to California to buy it, and I thought it was rather odd to see fellows signing up on this brief of casein being made right in Ohio. And I got in touch with them and found that none of them were making casein. I found that 26 of the other 40 signers were not making casein. So it seemed rather peculiar, such a remote and indirect interest.

Senator REED. Perhaps they would make casein if the price were increased and the demand maintained.

Mr. RANDALL. Well, how in the world can that be done, gentlemen? You know it is not reasonable. It is just a physical impossibility.

Senator SMOOT. Thank you.

STATEMENT OF H. W. MATTISON, REPRESENTING THE MONITE WATERPROOF GLUE CO., MINNEAPOLIS, MINN.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. MATTISON. I am vice president of the Monite Waterproof Glue Co., Minneapolis, Minn.

We have been using casein in the manufacture of waterproof glue in Minneapolis since 1916. Undoubtedly the first industry in that section for using casein in any substantial quantity. You already have the brief, and I presume you are using the material that was submitted to the House, and I will be very careful not to cover any of that again.

I wish to state that in our case it would not make any difference, speaking of the quality of domestic casein, if it were given to us free of charge; we would still have to use imported casein in order to manufacture glue which will meet the specifications of the United States Department of Aircraft Construction. And the ratio which we are using is 9 to 5—9 parts of Argentine casein to 5 parts of domestic.

The reason why domestic casein is inferior is because of inferior methods of production, because it is produced intermittently, and because it is not produced consistently after the same method. A very definite amount of acid must be added at a very definite time in order to get exactly the same results. And the curd subsequently

must be washed with water containing a very definite amount of acid for the first washing, and it must be washed subsequently several times in order to produce high-quality casein. Those things are being done in the Argentine. They are not being done here.

Senator SMOOT. Why do you use 5 parts of American to 7 parts of foreign if the American is not fit for your job?

Mr. MATTISON. Over the years that we have been in business that happens to be the ratio that we use. That is the average over the years. I do not mean to go on record to say that we use in every batch of glue 9 parts of Argentine and 5 parts of domestic. That may vary.

Senator SMOOT. That is the ratio of the total consumption?

Mr. MATTISON. Yes.

Senator SMOOT. But you never mix them?

Mr. MATTISON. We do mix them; yes.

Senator SMOOT. Why so?

Mr. MATTISON. Because if a domestic casein is inferior we will have to use a certain amount of Argentine in order to build it up. If it is still more inferior we will have to use a greater amount of Argentine in order to build it up further.

Senator SMOOT. Do you use more American casein without a mixture of foreign?

Mr. MATTISON. Absolutely not.

Senator REED. Do you use as much American as possible?

Mr. MATTISON. We use as much as we possibly can. And I would consider it extremely un-American on the part of our concern or any other concern not to use all the domestic casein that they possibly can.

Senator SMOOT. Have you ever brought this to the attention of the American manufacturer?

Mr. MATTISON. Of casein?

Senator SMOOT. Yes.

Mr. MATTISON. Yes, sir.

Senator SMOOT. What did they have to say?

Mr. MATTISON. They will try.

Senator SMOOT. Do you know of any of them who are trying?

Mr. MATTISON. I do not know of a single case where casein is being produced coming from a single plant that you can absolutely rely upon in quality day after day or week after week. As a matter of fact I will go so far as to say I have never seen two substantial shipments of domestic casein that were exactly alike and entirely free from various material, which includes nails and screws and wood chips and dirt of various kinds.

Senator SMOOT. Well, they can certainly prevent that?

Mr. MATTISON. I do not know how we can.

Senator SMOOT. Well, I mean the manufacturers can.

Mr. MATTISON. Yes; they most certainly could.

Senator SMOOT. Have you ever called their attention to that condition in any casein that you ever received from United States manufacturers?

Mr. MATTISON. Yes, sir; we reject it frequently on account of those things.

Senator KING. What price, if any, do you pay? What differential?

Mr. MATTISON. I would say over the period that I have referred to, about a cent and a half or a cent and three-quarters.

Senator KING. You pay more for the foreign?

Mr. MATTISON. We pay more for the foreign.

Senator KING. And, of course, if you could get as good a quality at home you would prefer to buy it?

Mr. MATTISON. Oh, most certainly. We labored for three years—in fact, I think we were the first ones in our territory to ever encourage the manufacture of casein. And as fast as we could get them interested, along came the production of milk powder, and they shifted from casein manufacture to milk-powder manufacture.

Senator REED. Is a casein manufacturing plant an expensive plant to construct?

Mr. MATTISON. Relatively the equipment is not expensive.

Senator REED. Why do you not make your own?

Mr. MATTISON. Because the only way in which we could make casein would be to buy skim milk. How much is skim milk worth? It is not worth any less to us buying skim milk, the producer says, than they can get for it producing milk powder or any other product. It has no value if it is to be thrown away. But when you want to buy it to make something out of it it is worth 40 cents a hundred-weight. Suppose it is 30 cents a hundredweight—

Senator REED. If there are 10,000,000,000 pounds of it going to waste every year do you not think that you would be able to buy your requirements pretty cheap?

Senator SMOOT. Well, if there were half of that it seems to me that those that are interested in the selling of that as skim milk would get together and they would have manufactures of their own and manufacture this product. I can not see why it can not be manufactured in the United States just as well as it can in the Argentine.

Mr. MATTISON. It can, Mr. Chairman, just as good. There is no difference in the milk. It does not make any difference where the milk comes from if it is properly handled and utilized while it is fresh. If that fat has been completely removed or almost completely removed the quality will be exactly the same.

Senator SMOOT. They use the same kind of separators here that they do down in the Argentine, do they not?

Mr. MATTISON. Yes.

Senator SMOOT. Then as far as the separators are concerned they are equal?

Mr. MATTISON. Yes, absolutely.

Senator SMOOT. They both start out with skim milk. Now what advantage has the Argentine over the American manufacturer in manufacturing skim milk into casein?

Mr. MATTISON. The process, the method.

Senator SMOOT. Can we not have the same process here? Is there any secret about it?

Mr. MATTISON. No, no secret about it.

Senator SMOOT. No patent issued that would prevent it?

Mr. MATTISON. No, sir, none. In the Argentine the manufacture of casein is a business. They are making—I have forgotten the

figures—some 30,000,000 pounds annually. They are doing it consistently. They are doing it regularly. They do not do it to-day and not to-morrow. They do not wait until December when their flush season comes on and store it up for the balance of the year. No, they make it every day, and then are using the same men, the same technical skill, the same knowledge, the same methods right straight through. That is not true here. One witness said this morning that if they had received a cent more for the skim milk last month, which, by the way, was a flush month, they would have gained \$3,000, or something like that.

Senator SMOOT. Do they have in the Argentine flush periods when the milk is greater in quantity than in another period?

Mr. MATTISON. Yes. Their flush season is just the opposite of ours. In other words, their December is our June.

Senator SMOOT. But the flushes come no matter whether it is in Argentine or in the United States?

Mr. MATTISON. Absolutely.

Senator SMOOT. What do they do at the time when the flush comes, when there is a great production of milk?

Mr. MATTISON. They make it into casein.

Senator SMOOT. And hold it?

Mr. MATTISON. I presume that they do hold that amount of it which is surplus. But throughout the other 11 months of the year they are still manufacturing casein.

Senator SMOOT. How many months do the manufacturers in America produce casein?

Mr. MATTISON. About two months.

Senator SMOOT. Of the twelve?

Mr. MATTISON. Two months of the twelve. That is the only time.

Senator SMOOT. And no other time?

Mr. MATTISON. No. I am speaking of it on the large scale now. There may be some individuals here and there who do it differently. But the thing that this plea is being made for is to take care of that surplus which comes those one or two months during the summer season during which time the normal requirements of the plants for making condensed milk and milk powder and all these various other things are not sufficient, then they want to make casein. Then they want us to take it.

Senator KING. I was reading somewhere that sunlight had something to do with the quality, and that one reason why California was better than other parts of the United States was because they had more sunlight, and the reason why in the Argentine the quality was a little superior was because the sun dried it and aided in the process rather than artificial heat. Is there any truth in that statement?

Mr. MATTISON. Without doubt casein which is dried naturally in the air and sun would be superior and more soluble than casein which is dried artificially and is not subject to being burned like domestic casein. It requires, if you please, about 12 hours to manufacture self-soured casein. It takes about five hours for the souring process and about seven hours to dry it. Immediately you try to speed either one of those periods up you get an inferior quality, and the temptation is too great.

Senator KING. Do they in the Argentine dry most of their product in the sun?

Mr. MATTISON. Yes, sir.

Senator KING. And in California do they dry most of their product in the sun?

Mr. MATTISON. I am not familiar with the method of drying in California.

Senator KING. One of the witnesses this morning said that he had a casein plant in connection with the separators, or the plant which they had either for the production of cheese or butter, or both, I am not sure which—he did not state, and that was, I understand, Mr. Moscrip. Have you seen his plant?

Mr. MATTISON. I do not think I have seen the one to which he referred. I have seen some of the plants in Minnesota.

Senator KING. Those plants are in connection with the other plants, are they not?

Mr. MATTISON. Yes, sir.

Senator KING. Just added a little machinery?

Mr. MATTISON. Yes.

Senator KING. What would be the cost of adding a casein plant to the plant which is used for the extraction of the fats and reducing it for the market?

Mr. MATTISON. Well, there is no cost to extraction of the fat. It is simply a case of putting the skim milk into a vat and allowing it to sour. We want it to be allowed to sour, not forced to sour, if we are going to have casein which is equal to Argentine self-soured casein.

Senator KING. And all you need to do is to have vats; after the fats have been extracted from the milk then the skim milk is passed into the vats?

Mr. MATTISON. Yes.

Senator KING. And permitted to sour?

Mr. MATTISON. Yes.

Senator KING. And then some acid is applied to wash the curd?

Mr. MATTISON. No; the acid is applied previous to the souring.

Senator KING. Previous to the souring?

Mr. MATTISON. And the separation occurs just as cottage cheese is made, with which nearly every one is familiar, on the farm. The casein part, the cottage cheese part, settles to the bottom, and the whey containing the balance of the solids in the milk is drained off and thrown away. That curd is first washed, or should be, through several flushings of clear water, the first one of which should contain a certain percentage of the kind of acid that was used in the manufacture of that casein.

Senator KING. What is it; nitric or hydrochloric, or what?

Mr. MATTISON. No; it should be lactic acid. In case it is hydrochloric acid you get a different kind of casein. After it has been washed it is taken out and put into a press which squeezes out the surplus moisture. The curd is then shredded into fine bits about the size of your little finger nail, and these are placed on trays which are stacked one over the other and shoved into a tunnel against a blast of hot air, which in the course of about seven hours dries it as it travels through, one stack of trays coming in after the other.

Senator KING. But those trays in the Argentine would be put out in the sunlight?

Mr. MATTISON. Yes.

Senator KING. And probably also in California they are put out in the sunlight, where they have that superior quality?

Mr. MATTISON. I do not know about that.

Senator KING. All right.

Mr. MATTISON. I would call your attention, if I may, to this one other fact. The institutions which are asking for this increased duty are primarily or principally tributary to urban centers. The little creamery or the little cooperative creamery which operates back on the farm, like in the case of my own family and other families that I know well, are not interested in a duty on casein. As a matter of fact, a duty on casein would work to their detriment, and many of them have come to see it. But these creameries which are operating to supply first of all the milk and cream demand in the cities are the ones who are taking in the whole milk and have the skim milk left over and are therefore asking to do this thing with the skim milk.

Senator KING. Do you know what proportion—probably I ought not to ask you this question—I apologize—of the milk produced in the United States is shipped to the urban centers?

Mr. MATTISON. I do not know.

Senator KING. And what percentage is consumed on the farms?

Mr. MATTISON. It seems to me I had that figure once.

Senator KING. Very well, if you do not know it. Excuse me for asking that.

Mr. MATTISON. There is on record a statement that I would like to refute, if I may.

Senator SMOOR. How long is it going to take?

Mr. MATTISON. Just one minute. A letter addressed to Congressman Selvig by H. R. Leonard, manager of the Twin City Milk Producers' Association.

Senator KING. What date is that Congressional Record?

Mr. MATTISON. May 15, page 1360. [Reading:]

Mr. Prestholdt, of the Montie Waterproof Glue Co. of Minneapolis, has flooded the country with statements arguing for putting casein on the free list. In 1927 he bought from Mr. Hulls 973,253 pounds of domestic casein, and in 1928 he purchased 694,139 pounds. Mr. Hulls feels that this was a large part of the casein used, and not much imported casein was used in this factory during this period. Recently imported casein is being used, and reports are that business is falling off rapidly.

That statement is utterly untruthful and highly libelous.

Senator KING. Your business is not falling off, and the fact of the character of the use is not as he states then?

Mr. MATTISON. Absolutely not. I wish to go a little further as to quality. In the same letter, further on, he says:

We have secured samples of domestic and imported casein and are having them analyzed at the University of Minnesota and will rush any information secured to you at once.

Senator REED. Who made that statement?

Mr. MATTISON. H. R. Leonard.

Senator KING. He wrote that letter to Congressman Selvig?

Mr. MATTISON. Yes. I have here a copy of the report of the University of Minnesota as to the quality of those two samples of casein referred to. I will offer this and read from it in part.

The analysis of Argentine and domestic casein are submitted. * * *
Ash content: Argentine, 3.56 and 3.45 per cent. Domestic, 2.92 and 3.15 per cent.

(The letter is as follows:)

JUNE 12, 1929.

Mr. H. L. LEONARD,
Twin City Milk Producers' Association,
Minneapolis, Minn.

DEAR SIR: The analysis of Argentine and domestic casein are submitted. The domestic casein was obtained from Mr. Keithley of Twin City Milk Producers' Association and the Argentine sample was obtained from Mr. Mattison of the Monite Glue Co.

Ash content: Argentine, 3.56 and 3.45 per cent. Domestic, 2.92 and 3.15 per cent.

Samples were run in duplicate.

Fat content: 0.012, 0.01155, 0.0498, and 0.0952 per cent.

Samples were run in duplicate.

The variations in fat content are within the limits of experimental error, and therefore are not significant.

Yours truly,

W. B. COMBS,
Professor of Dairry Husbandry.

Senator KING. Well, you leave us still in the dark. Is that ash content sufficient to make one very much inferior to the other?

Mr. MATTISON. Ash is an important final product in casein. It is one of the things for which the casein is tested first and primarily.

Just one other point. When the duty was put on casein in 1922 our volume of business dropped 40 per cent. Proponents of the present duty say that the price of casein probably will not advance. The record will clearly show that it did advance tremendously, even as much as 10 cents, following the 2½ cents duty. Why did we lose this business? Because we lost it to those with whom we are in competition, namely, animal glue, vegetable glue, and soya bean glue. There are certain things in which casein must be used. Certain Government specifications call for casein glue being used there. There are places where casein glue is desirable but not essential. There are other cases where casein glue is just indifferent. And there are some places where it ought not to be used. Now the spread or the balance or the difference—the place where the trade can afford to buy casein glue and will buy casein glue is just about reached. That is, if we have to cut our volume any further then we do not want to stay in business, because we can not increase our price commensurate with an eight cent or any increase in the price of casein.

I will leave you with this one thought. If we must have an embargo on casein then it seems to me Congress owes it to us who use casein to write specifications for the manufacture of casein and see to it that it is graded and inspected and is supplied to us on the basis of those specifications.

STATEMENT OF HARRY S. COKE, NEW YORK CITY, REPRESENTING THE OXFORD PAPER CO. AND THE COATED-PAPER MANUFACTURERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. COKE. I represent the Oxford paper Co., also the Coated Paper Manufacturers. This is my first appearance before the committee. I was asked by Mr. Cantine to come down because Mr. Cantine had to go to the hospital, very sick. And in my testimony in regard to the condition of the coated paper industry I will have to confirm more or less what Mr. Randall told you as to the condition we are in at the present time.

I want to give you a little practical demonstration of what we are up against. A good many magazines and publications have used coated paper in the past. Competition has been so fierce, the manufacturers of other grades of book paper have advanced their quality to such a high state that they have been able to take business away from us.

Senator KING. It is domestic competition instead of foreign?

Mr. COKE. Absolutely domestic competition. Here are some magazines that you are all familiar with. The Saturday Evening Post, Collier's, Liberty Magazine. These are all on supercalendered paper,

Senator KING. Have you one there with coated paper?

Mr. COKE. I have; yes, sir. This one is coated paper. This color work is being printed on supercalendered paper. This magazine used to be printed on coated. Collier's used to be printed on coated, and some while back the Saturday Evening Post. There is a magazine printed on coated paper; there is another one. I refer to the cover, also the colored inserts. Here is a magazine printed on coated at the present time, of which one of our customers takes 3,000 tons a year. At the present time they have in their printing plant samples and are making practical runs of printing on supercalendered paper, and we are advised that we very likely shall lose that order. Now that condition exists throughout.

Gentlemen, that is all the evidence I have to offer.

BRIEF OF THE COATED PAPER MANUFACTURERS

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.:

Through the undersigned committee, the Coated Paper Manufacturers of the United States submitted a brief to the Ways and Means Committee on January 7, 1920, and a supplemental brief on February 25, 1920, together with oral testimony by paper manufacturers as well as importers, all of which are a matter of record, and so appear in the printed hearings, together with the report that accompanies the proposed tariff act of 1920, known as H. R. 2867, "A bill to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes."

The subject of paragraph 10 of Schedule 1 is casein or lacterene, upon which the duty as established in the act of 1922 is 2½ cents per pound, and in the Ways and Means Committee report (p. 13), under the heading of casein, their reasons given for not changing the duties are stated as follows:

"In recommending no change in the present duty of 2½ cents per pound on casein, the committee was guided by several factors of vital importance.

"Casein is among the leading imports of chemical raw materials. Over 75 per cent of the consumption is in the manufacture of coated paper. Less important uses are in casein glue for plywood manufacture, in cold-water paints, and in spray insecticides. For several years imports, chiefly from Argentine, have been supplying from 50 to 60 per cent of the total domestic consumption. Strong representations have been made by dairy interests for an increase in duty from 2½ to 8 cents in order that the entire consumption may be supplied by domestic production, thereby affording a market for the surplus of skimmed milk, which now largely goes to waste.

"Equally strong representations have been made by representatives of the coated-paper manufacturers, supplemented by briefs from casein glue manufacturers and consumers, for restoring casein to the free list where it was under the act of 1913.

"The coated-paper manufacturers prefer Argentine casein because of its uniformity and alleged superior quality, although California casein is said to be its equal in these respects. The uniformity of the Argentine product is due to the fact that manufacture is in the hands of relatively few large producers using chiefly the standardized process, as contrasted with many domestic producers, chiefly small, using several processes and with relatively little standardization of methods. The alleged superior quality of the Argentine product is due to (1) the process used, namely, the natural sour or lactic acid process, which gives a casein of superior fluidity for coating paper as compared to the mineral-acid precipitated casein produced in the United States; (2) the use of sun drying as contrasted to artificial drying in the United States. Unless carefully controlled the latter method may scorch the casein and render it unfit for coating paper.

"The coated-paper representatives have stated that they pay a premium to obtain Argentine casein and that for each cent increase in duty the added cost in manufacturing coated paper averages \$1.20 per ton. Competition from imported coated paper is keen. An increase in duty on casein would result in the substitution of supercalendered paper for coated paper and stimulate the use of substitutes for casein."

Realizing as we do that your committee is in possession of not only data contained in the printed hearings, together with the valuable supplemental data that has been prepared by the Tariff Commission, we are avoiding repetition of the facts and figures already in the record; therefore we will confine ourselves to subsequent data secured from various sources not now in the record and based upon the arguments that were brought up after the hearings were closed by the Ways and Means Committee, upon which prolonged discussion was had by Members of Congress before this final report was submitted.

A survey has been made of the amount of casein produced in the various States by requesting from the Secretary of Agriculture such facts as were obtainable on the milk production of these States and the products to which it was diverted.

In a great many instances casein was so inconsequential that no record of the diversion to casein was reported, but in some States where it was obtainable we beg leave to submit the figures:

STATE OF MICHIGAN

Milk used for various products

Product	Pounds used, 1926	Pounds used, 1927
Milk used in butter.....	1,911,844,410	1,745,231,024
Milk used in cheese.....	75,814,360	68,732,110
Milk used in all condensed.....	398,874,294	371,989,038
50 per cent of milk used in ice cream.....	69,887,633	71,303,801
Milk used whole for direct consumption, including cream, milk-fed calves, lost, and shipped out of State.....	2,293,003,832	2,358,482,868
Total pounds milk produced.....	4,760,324,529	4,615,738,849

Dairy products manufactured

Products manufactured	Amount, 1926	Amount, 1927
Creamery butter.....pounds..	72,040,210	69,368,144
Ice cream.....gallons..	10,165,474	10,371,462
American or cheddar cheese (made from whole milk).....pounds..	6,827,009	6,905,946
American or cheddar cheese (made from skim milk).....do..	2,400	212,230
American or cheddar cheese (made from full skim milk).....do..	55,455	10,985
Swiss cheese, including block.....do..		18,000
Brick and Munster cheese.....do..	129,258	154,529
Limburger cheese.....do..	46,603	47,510
All Italian varieties of cheese (give name).....do..	1,655	1,163
Cream and Neufchatel cheese.....do..		18,710
All other varieties of cheese (give name).....do..	492,173	467,123
Cottage, pot, and bakers' cheese.....do..	6,569,714	8,637,354
Whey butter (made from whey cream).....do..	2,650	10,523
Condensed and evaporated milk (made from whole milk):		
Condense ^d whole milk (sweetened), case goods.....do..	23,417,236	19,100,026
Evaporated whole milk (sweetened), bulk goods.....do..	5,810,792	1,195,053
Evaporated whole milk (not sweetened), case goods.....do..	78,776,575	73,935,750
Evaporated whole milk (not sweetened), bulk goods.....do..	8,595,414	10,594,912
Condensed and evaporated milk (made from skim milk):		
Condensed skim milk (sweetened), case goods.....do..		
Condensed skim milk (sweetened), bulk goods.....pounds..	23,662,603	23,585,330
Evaporated skim milk (not sweetened), case goods.....do..		633,530
Evaporated skim milk (not sweetened), bulk goods.....do..	12,689,350	12,853,096
Concentrated skim milk (for animal feed).....do..		
Condensed of evaporated buttermilk (including concentrated product).pounds..	2,759,302	2,060,905
Dried or powdered skim milk.....do..	9,994,157	11,671,679
Dried or powdered whole milk.....do..	1,685,466	1,845,643
Dried or powdered cream.....do..	129,084	129,773
Dried or powdered buttermilk.....do..	865,052	895,153
Dried casein (skim milk or buttermilk product).....do..	227,606	265,405
Malted milk.....do..	2,975	3,900
Milk sugar (crude).....do..	207,115	272,109

Number of plants manufacturing various dairy products (year 1927)

Products manufactured or sold	Number of plants	Products manufactured or sold	Number of plants
Milk sold retail (having 3 or more farms).....	426	Condensed milk (sweetened).....	6
Cream sold retail (having 3 or more farms).....	374	Evaporated milk (unsweetened).....	10
Creamery butter.....	300	Condensed skim milk (sweetened).....	12
Ice cream.....	232	Evaporated skim milk (unsweetened).....	17
American cheese.....	43	Condensed buttermilk.....	3
Swiss cheese.....	1	Powdered buttermilk.....	8
Limburger cheese.....	1	Powdered whole milk.....	5
Other varieties of cheese.....	5	Powdered cream.....	1
Cottage cheese.....	79	Powdered skim milk.....	17

STATE OF WISCONSIN

Dairy products manufactured (1927)

Products manufactured	Amount	Value
Cheese produced in factories, other than cottage, skim milk, cheese curd, cooked and buttermilk cheese.....pounds..	330,877,327	\$77,050,583.92
Cottage, skim milk, cheese curd, cooked and buttermilk cheese.....do..	5,854,701	387,775.43
Butter produced in factories.....do..	158,050,145	71,738,785.57
Farm-made butter.....do..	720,000	323,280.00
Condensery products:		
Evaporated milk.....do..	631,631,282	47,793,856.44
Sweetened condensed milk.....do..	69,772,860	4,929,733.67
Powdered milk.....do..	12,533,133	1,818,134.49
Powdered skim milk.....do..	2,788,251	234,803.88
Condensed skim milk.....do..	5,308,990	283,605.80
Condensed buttermilk.....do..	546,550	18,675.32
Powdered buttermilk and whey—value of milk used in manufacture of malted milk, etc.....do..		1,203,657.78
Ice cream.....gallons..	7,313,860	8,018,103.39
Ice cream mix (not reported as ice cream).....pounds..	19,722,575	1,767,457.19

Dairy products manufactured (1927)—Continued

Products manufactured	Amount	Value
Milk produced other than furnished cheese factories, butter factories, condenseries and ice cream plants..... pints.....	960, 631, 235	\$28, 818, 637. 05
Skim milk..... pounds.....	3, 007, 048, 092	13, 080, 650. 05
Whey..... do.....	2, 879, 452, 032	6, 262, 808. 17
Casein..... do.....	6, 722, 198	887, 108. 16
Milk shipped out of State..... do.....	416, 428, 848	10, 593, 722. 70
Cream shipped out of State..... do.....	96, 499, 413	15, 070, 853. 61
Total value of dairy products manufactured.....		290, 483, 172. 74

Amount total milk produced, \$1,588,500,000 pounds.

Number of factories and stations (1928)

Kind of plant	Number
Cheese factories.....	2, 409
Butter factories.....	671
Condenseries.....	89
Receiving stations.....	833
Total.....	3, 999

A report by the State dairy and food commissioner of the State of Wisconsin entitled "List of Butter Factories, Cheese Factories, and Receiving Stations" (July, 1928), uncovers some interesting points with regard to the production of casein.

Although Wisconsin is one of the four leading producers, its 1927 casein production was only about 0.067 per cent of the total milk output. The report shows only 6,722,198 pounds of casein produced, while 10,588,500,000 pounds of milk were received.

In value, the casein production also was shown to be but a small fraction (i. e., about three-tenths of 1 per cent) of the Wisconsin dairy output. The values of 1927 dairy products follow:

Product	Value	Percentage of total
Cheese.....	\$77, 429, 369. 35	26. 6
Butter.....	72, 062, 065. 57	24. 8
Condensed products.....	56, 402, 415. 50	19. 4
Ice cream.....	9, 775, 560. 68	3. 3
Milk, other than furnished cheese factories, butter factories, condenseries, and ice-cream plants.....	28, 818, 637. 05	9. 9
Skim milk.....	13, 080, 650. 05	4. 5
Casein.....	887, 108. 16	. 3
Whey.....	6, 262, 808. 17	2. 1
Milk sent out of the State.....	10, 593, 722. 70	3. 6
Cream sent out of the State.....	15, 070, 853. 61	5. 1
Total.....	290, 483, 172. 74	100. 0

But not only is the amount and value of casein small in comparison with the total production of the dairy industry but changing conditions of manufacture and distribution have been such as to leave many farmers disinterested in making casein at all. Mr. Moscrip, who recently appeared before the Ways and Means Committee on behalf of the National Cooperative Milk Producers Federation, admitted that in Wisconsin and Minnesota most separation is now being done at city dairy plants rather than at the farm. Thus, the skim milk, out of which casein is made, is usually not even in the hands of the farmer, and the way it is used is therefor of no direct interest to him.

This change of the seat of casein production and milk separation from farm to city dairy is further brought out by the Wisconsin bulletin (mentioned above), which shows farm-produced butter as being only 720,000 pounds, which is less than 0.5 per cent of the 158,050,045 pounds which are factory produced.

STATE OF VERMONT

Milk used for various purposes, 1927

Use	Pounds of milk	Percentage of total
Milk used by licensed dairy plants in manufacturing or shipped by them as fluid.....	974,299,040	87.8
Milk used on farms, sold locally, shipped direct to dealers and made into farm butter.....	135,380,960	12.2
Total.....	1,109,680,000	100.0

Dairy products manufactured

Products manufactured etc., in dairy plants	Pounds of milk used
Fluid milk shipped.....	477,071,507
Fluid milk condensed.....	16,170,763
Fluid milk made into cheese.....	9,655,828
Butterfat shipped in sweet cream.....	14,408,348.9
Butterfat shipped in ice cream and ice cream mix.....	471,628.5
Butterfat made into butter.....	5,568,292.6
Skim milk condensed and evaporated.....	54,061,834
Skim milk made into casein.....	70,837,098
Skim milk shipped.....	8,690,967
Skim milk made into cheese.....	7,187,918
Skim milk returned to producers.....	12,224,858
Skim milk otherwise utilized.....	9,403,181

Number of plants manufacturing various dairy products, 1927

Products manufactured, etc.	Number of plants
Fluid milk shipped.....	124
Fluid milk condensed.....	1
Fluid milk made into cheese.....	10
Butterfat shipped in sweet cream.....	104
Butterfat shipped in ice cream and ice cream mix.....	10
Butterfat made into butter.....	79
Skim milk condensed and evaporated.....	12
Skim milk made into casein.....	29
Skim milk shipped.....	25
Skim milk made into cheese.....	7
Skim milk returned to producers.....	33
Skim milk otherwise utilized.....	6

Dairying is of cardinal importance in Vermont, over a billion pounds of milk having been produced in 1927, according to the fourteenth biennial report of the State commission of agriculture. Vermont is also one of the four leading producers of casein.

The amount of milk used in the production of casein, however, was only about 6.38 per cent of this total production of milk; i. e., 70,837,098 pounds of milk were used for casein, as compared to a total milk output of 1,109,680,000 pounds.

Moreover, data in the report made clear the fact that it was not the farmer who was largely producing the casein, but rather the city dairy. Eighty-seven and eight-tenths per cent of the total milk produced, with a value of \$23,803,277.13, was received at licensed dairy plants, while only 12.2 per cent, worth \$3,559,959.34, was "used on farms, sold locally, shipped direct to dealers, and made into farm butter." It will be noted that no official mention is made of any casein being produced on the farm.

On the other hand, over three-fourths (about 76.6 per cent) of the dairy plants do not make casein, only 29 out of 124 being thus engaged.

Nor is any great amount of skim milk returned to the farmer from the separating plants. The report shows 1.1 per cent of the total milk production under this caption (12,234,858 pounds of returned skim milk, as compared to the total milk production of 1,109,680,000 pounds).

Thus, beside being a relatively small part of the aggregate dairy industry in Vermont, casein appears to be produced by and largely the concern of the city dairy and separating plant rather than the farmer who produces the milk.

Thus it will be seen that in three pronounced dairy States the percentage is so low that it is not of vital importance as item for farm relief—the outstanding argument being that the farmer can divert what little skimmed milk he has to other more profitable products, such as powdered milk, sprays, lactarine feed for chickens and cattle, while, on the other hand, the paper manufacturers have no such alternative to apply their equipment to other products in the paper industry, and it would mean a complete loss of this investment.

There seems to be a lack of understanding of the modern methods of handling the farmer's milk; to-day he sells the majority to creamery and dairy companies, who in turn sell it to the consumer; what little milk he retains for his personal requirements, such as butter and cheese, are inconsequential; therefore we contend casein is not the farmer's problem. In looking over the testimony of one of the professional representatives of the dairy interests, he purported to speak for 45 dairy companies. I have the original letters with me from 29 of these companies, who state they are not interested in casein. These letters are from all over the country, from the State of Washington, Minnesota, Ohio, Illinois, Pennsylvania, and others.

I might further add if any increased duty is imposed to such an extent as to divert the present imported supply to other countries, I am afraid the dairy interests will find that it will be converted into milk powder and destroy their present export market, which is more profitable to the farmer than the domestic casein market.

On the floor of the House of Representatives during the discussion of the proposed act of 1929 one of the Members of that body introduced arguments that American casein was equal in quality to the imported casein, but the fact remains that the manufacturer of coated papers is paying one-half to 1½ cents per pound more for the imported owing to its superior quality.

The principal reason for the supremacy in quality is that the imported is sun dried, where the domestic requires mechanical heating devices to obtain the finished products, the latter being quite expensive equipment.

If the demands of the dairy interests should be acceded to, the domestic production could not be doubled in time to serve the manufacturers' requirements, as the oversupply of milk is during the summer months, but it would destroy the outlet of 75 per cent of the casein now consumed by the coated-paper manufacturers, whose business would go to cheaper grades of paper not manufactured by them, nor is their equipment convertible to these cheaper grades.

Respectfully submitted.

COATED PAPER MANUFACTURERS COMMITTEE

(Martin Cantine, chairman, Saugerties, N. Y.; Walter D. Randall, Hamilton, Ohio; Alex G. Gilman, Kalamazoo, Mich.)

**STATEMENT OF CHARLES W. HOLMAN, WASHINGTON, D. C.,
REPRESENTING NATIONAL COOPERATIVE MILK PRODUCERS'
FEDERATION**

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. HOLMAN. Mr. Chairman and gentlemen, I am sensible of the courtesy of the committee in allowing me to return and testify to-day after withdrawing yesterday, and I shall attempt to be very brief.

The CHAIRMAN. You are to speak on casein?

Mr. HOLMAN. Casein; yes, sir.

The issue, as we of the cooperative dairy groups of this country see it, before the committee is very simple—

Senator KING. Are you the attorney?

Mr. HOLMAN. No. I am the secretary of the National Cooperative Milk Producers' Federation. For the purposes of this hearing my headquarters are 1731 I Street, this city.

The question at issue is simply this: There is approximately \$4,000,000 worth of casein imported into this country, displacing approximately \$2,500,000 worth of skimmed milk, so the point is whether that money shall stay in this country for American farmers or whether it shall go to Argentina, which is our principal competitor, and which sends us about 81 per cent of the casein in this country.

We take the position, naturally, that we would like to have that gross sale in order to increase, to that extent, the income of the dairy farmer, which, on the average, is not over \$1,200 to \$1,500 a year, in gross sales.

While the direct amount of gain involved in this case might appear to be small, where hundreds of millions are sometimes involved, it is much greater than would appear on the surface, just as a market for casein, because it involves the whole question of price relationships of dairy products.

The dairy industry, as you know, produces a commodity that can be torn to pieces and put together again, and the question of alternate markets is very, very important to us. It is particularly important in the eastern sections of the country, where so much of the milk goes into fluid milk and cream consumption, and where we have collective bargaining associations that sell their product to the distributors who move it to the consumers and into the stores.

About 46 per cent, or 120,000,000,000 pounds of milk goes into fluid milk and cream consumption. The tonnage of milk is perhaps greater than that of United States Steel. Out of this 46 per cent, about one-half goes into cream, and that brings about a real problem of disposing of the skimmed milk, as the whole milk has to be separated, and the cream going into fluid consumption leaves the skim milk as a residual product.

Our dealers who buy this milk from the farmers are faced with the problem of making it up either into powder or into cottage cheese, or into casein, or running it down the sewer.

Senator KING. Or feeding it to animals?

Mr. HOLMAN. Well, Senator, in the eastern districts it is not as economical to move the skim milk back to the farms as it would be in the western districts, because the average cartage price on whole milk will run from 25 to 40 cents per hundred pounds for relatively short distances in trucking, so it becomes a real problem to these distributors in cities like Pittsburgh, Philadelphia, New York, or Boston.

In that connection, let me say, that the figures introduced in the testimony in the House, and before this committee, to the effect that 10,000,000,000 pounds of skim milk would be available, as it is unaccounted for, are relatively conservative figures, because we are dealing with a 120,000,000,000-pound industry. In addition to that we are not authority for those figures. We took them from the Government. Mr. Pirtle is well known as the outstanding statistical authority in the Department of Agriculture on dairy products, and he gave us the figures as being the best he could get. But the point is this, that there is a sufficient supply of the skim milk to make up all the casein and all the powdered milk that this country can consume for some years. It is also a fact that in a number of instances our casein tunnels are lying idle. Supplee-Wills-Jones of Philadelphia has idle tunnels, and Reech-McJunkine Co., of Pittsburgh, also have idle tunnels.

Senator REED. Why don't they make a better quality?

Mr. HOLMAN. As to quality, there is no particular question at issue there. The Department of Agriculture stated, in a recent statement by Mr. O. E. Reed, that the quality in this country is equal to, if not superior, to the quality of the Argentine product.

Senator REED. Apart from the opinions of different men, does not the fact that a higher price is paid for the Argentine product than for the American product indicate that it is preferable?

Mr. HOLMAN. We have not been able to satisfy ourselves that a higher price is paid for Argentine casein, of the same grade, than is paid for American casein.

The CHAIRMAN. Do you have different grades of it?

Mr. HOLMAN. There are different grades of casein.

The CHAIRMAN. What brings that about?

Mr. HOLMAN. I am not a technical authority on casein, Senator, except that they handle it by what they call the mesh method of grading. Part of the thing is the ash content, of course, but for the same quality, the quotations show that Argentine casein and American casein are quoted at approximately the same prices. For example, these are figures for the year starting the 1st of January, from the Oil, Paint and Drug Reporter: Domestic casein, 20-30 mesh, 15 to 15½ cents; 80 to 100 mesh, 15¼ to 15¾ cents; imported casein, fine ground, 15¼ to 15¾ cents. These quotations you will find, year in and year out, for the same approximate mesh, whether fine ground or small mesh. They will run within a quarter of a cent a pound of each other.

Senator REED. You heard the testimony of some of the paper people here.

Mr. HOLMAN. I file this with the committee as evidence of that fact.

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(The statement referred to is as follows:)

CASEIN TABLE VIII.—Casein prices from Oil, Paint, and Drug Reporter—
Casein in bags, cartlots, cents, per pound

[Where not otherwise indicated, quotations are spot prices on original packages in large lots]

Date	Domestic		Imported	
	20 to 30 mesh	80 to 100 mesh	Standard ground	Fine ground
1929				
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Jan. 7.....	15-15½	15¼-15¾	.....	15¼-15¾
Jan. 14.....	15-15½	15¼-15¾	.....	15¼-15¾
Jan. 21.....	15½	15¾	.....	15¼-15¾
Jan. 28.....	16	16½	.....	16½
Feb. 4.....	16½	17	16½	17
Feb. 11.....	16½	17	16½	17
Feb. 18.....	16½	17	16½	17
Feb. 25.....	16½	17	16½	17
Mar. 4.....	16	16½	16	16½
Mar. 11.....	16	16½	15¾	16½
Mar. 18.....	15¾	16½	15¾	16½
Mar. 25.....	16	16½	16	16½
Apr. 1.....	16	16½	16	16½
Apr. 8.....	16	16½	16	16½
Apr. 15.....	16	16½	16	16½
Apr. 22.....	16	16½	16	16½
Apr. 29.....	16	16½	16	16½
May 6.....	16	16½-17	Argentine ¹ 15¼-16	Argentine ¹ 16½-17
May 13.....	16	16½-17	15¼-16	16½-17
May 20.....	16	16½-17	15¼-16	16½-17
May 27.....	16	16½-17	15¼-16	16½-17
June 3.....	16	16½-17	15¼-16	16½-17
June 10.....	15¾-15½	16-16½	15¼-15½	15¾-16

¹May 6, 1929, quotations changed from "Imported" to "Argentine."

Senator REED. You have heard the testimony of some of the paper people here, who testified that they preferred to use the American, if they could get the same quality, but that their tests showed that it ran very much below the Argentine casein in ash content.

Mr. HOLMAN. According to Mr. Sudermeister, the greatest authority on the handling of casein for the coated paper industry, and the author of a book known as "The Industrial Uses of Casein," and now employed in the Boston Paper-Coated Co., it would be to the advantage of the domestic casein, because the lower the ash the easier it is to handle it for coated paper, according to him.

The CHAIRMAN. Is there anything in the suggestion that much of the casein in America was burned, while in Argentina it is all dried by the sun, and therefore the Argentine casein is always the same? That is, the Argentine casein is never burned, and the American casein often is. What do you know about it? I mean, what do you actually know?

Mr. HOLMAN. I know nothing about that. I am here, however, to say that if the committee will make conditions so that we can depend upon stabilized prices for casein, we will guarantee to produce the entire quantity that the coated paper and the plywood industry can consume in this country, according to their specifications.

Senator KING. You recall the testimony yesterday, as was clearly brought up by the questions of Senator Reed. Stabilization is impossible when it is related to consumption, and the consumption

varies, especially with the new developments. Some developments, according to witnesses yesterday, threaten casein entirely, if the prices should be advanced.

Mr. HOLMAN. The facts are that the coated paper industry has been steadily increasing its production during the last few years. I can give the committee the figures. The Census of Manufactures for 1925 shows that in 1922 there were 97 tons of coated book paper produced, worth \$18,000,000. In 1925 there were 180,000 tons produced; and later evidence of the Department of Agriculture shows that the coated book paper production was worth, in 1927, \$41,000,000. The actual tonnage has not yet been figured out. The orders for March 1929, are 104 per cent of normal.

The CHAIRMAN. All of which will demand more casein.

Mr. HOLMAN. More casein.

We also refer the committee to this chart [indicating], showing that American casein production follows the price line, and will increase steadily as long as conditions of price will warrant the production of it.

The CHAIRMAN. Of course, that is the same with every commodity.

Mr. HOLMAN. We also refer the committee to the report of the United States Tariff Commission on the cost of producing coated paper, in the case of casein, which shows that if the committee should grant us the full 5½-cent increase that we are asking for, the cost of producing coated paper would be increased by only three mills per pound.

The CHAIRMAN. Mr. Holman, you appeared before the House committee, did you not?

Mr. HOLMAN. Not with respect to casein, Senator. I answered a question in the course of my vegetable-oil testimony before that committee, but this is the first time I have appeared on the question by direct statement. Mr. Garner wanted me to answer a question in regard to the quality.

The CHAIRMAN. That was when you were testifying on oils and fats?

Mr. HOLMAN. On oils and fats; yes, sir.

The CHAIRMAN. Do you want to testify on those to-day?

Mr. HOLMAN. I desire to make a very short statement this afternoon, or whenever the opportunity is given me.

The CHAIRMAN. I see you have covered it very, very thoroughly there. You can see that if we go ahead at this rate there will be somebody who can not be heard. We have enough names here now to take one solid month, if we come back every day, morning and afternoon, and consume the amount of time that has been consumed up to the present time. So, we will have to begin now by eliminating some of it.

Senator KING. There are other committees.

Mr. HOLMAN. I should like to present a brief statement, either this afternoon or whenever I may, in regard to the relationship of oils and fats in schedule 1. I do not propose to take over 10 minutes of the committee's time. My argument will be directed entirely toward equalization of rates.

Now, gentlemen, in closing I want again to call attention to the fact that the imports of coated paper are negligible, and that the

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protection given coated paper is quite adequate—5 cents plus, as I recall, 15 per cent ad valorem; while the protection given plywood was increased from 38½ to 40 per cent. Those are the two chief users of our product.

We are asking for a market. We are perfectly frank about it. We are asking, to the extent that the Congress can give it to us, the exclusive market for disposing of our milk products, and particularly our skim-milk products.

STATEMENT OF GEORGE C. LUCAS, REPRESENTING THE NATIONAL PUBLISHERS' ASSOCIATION, NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. LUCAS. Mr. Chairman and gentlemen of the committee, I am executive secretary of the National Publishers Association, in New York City. This is an association of the periodical publishers of the United States, including the general magazines, the trade papers, and the farm papers. The farm papers are not interested in this particular item covering casein, but the general magazines and the trade papers are, although there are some of the general magazines which are not interested, as I shall explain.

The coated paper, as I understand it, uses about 75 per cent of the casein used in the United States, and, of course, I understand the farm interests, with whom we have no quarrel, are very anxious to obtain a market for their milk products so that they can use more casein.

But I want to point out to the committee what I think is the fundamental thing in the whole matter, and that is that an increase in duty is absolutely going to kill that market. I will explain that in this way:

We use coated paper. One of the gentlemen left these magazines here yesterday. We use coated paper for cover stock. We use it on some publications for the entire publication. We use it on others merely for the advertisements in color, because certain publishers feel that they can get better results with color on coated paper.

I have made a survey of the members of our association, and find that many of them have been carrying on some experiments since this agitation started, as to whether they could not obtain a machine-finished or supercalendered paper that would absolutely replace the coated paper that they are now using, and some of them are ready to change immediately. I do not want to indicate that that is a threat of the industry, because it is not.

I want to refer particularly to the Curtis publications. There is the Saturday Evening Post, weighing nearly a pound and sometimes over a pound, with a circulation of 3,000,000 copies per week. They also publish the Ladies Home Journal, weighing much over a pound—sometimes 2 pounds—per copy, with a circulation of over 2,000,000, and the Country Gentleman, another monthly publication with a circulation of about 1,500,000. They do not use one pound of coated stock in all those publications.

The CHAIRMAN. When did they change?

Mr. LUCAS. I could not tell you the date, but they changed some-time ago, Senator, and they are satisfied with the color work they are producing.

If a publisher of that kind can get those results, the other publishers who are now carrying on their experiments feel satisfied that they can do the same thing.

I have letters from several publishers here that I do not want to burden the record with, but, just to indicate their attitude, I would like to read a paragraph or two.

Here is a letter from a publisher who publishes three large periodicals, not with a circulation like that of the Saturday Evening Post, or several of these others that run up to the million mark or more, but publications that use coated paper throughout their entire issue. I am referring to the Conde Nast publications, Vogue, Vanity Fair, and House and Garden. They use coated stock entirely. They have made an analysis of their situation and find that they could save, right now, \$75,000 a year if they were to adopt the supercalendered stock, such as is used in some of these other publications. They prefer not to use it, but if they are forced, by an increase in the tariff—and that is not a threat; I do not want to be understood as making a threat, because it is purely a business proposition—if they are forced by an increase in the price of casein which will make them pay, as this man estimates, \$200,000 a year or more if the 8 cents per pound rate goes in, they will absolutely discontinue the entire use, except possibly for their cover stock.

That is merely the situation of the publishing industry, as to what will be the effect. We are not manufacturers of coated paper and have no interest in their business. Personally, I feel that perhaps some of our publishers would be better off if we were forced out of the use of coated paper and adopted something like this, because we could buy our paper cheaper. If we are forced out of it, the present market for casein for the American farmer will be decreased, and our importations naturally will be decreased.

Senator KING. Did you hear the witness last on the stand, who indicated that the increase in the tariff demanded by his organization would increase the price per pound only 3 mills?

Mr. LUCAS. I heard that. I do not know as to that actual figure. I do not know what it would be.

That brings to mind, however, a fact that I can give you as to the effect on the industry. He has indicated that the coated paper manufacturers are producing far more paper than they have before. That is very true. I will admit that the publishing industry is going along at a very good rate. Our publishers are carrying tremendous amounts of advertisements, which represent the backbone of the coated-paper industry. There is no question about that. The advertiser pays for this, because he wants this color work, and he wants it in these kind of inserts [indicating]. In fact, it is the advertiser who pays for it.

Someone yesterday referred to figures indicating the tremendous drop in 1921 and 1922 in the use of casein. I believe Senator Reed raised the question as to the depression at that time. There was an actual depression there, and especially now in our industry, because when general conditions decline the advertising declines, and that

can be verified by your post-office figures as to the amount of advertising matter that was carried in periodicals moving at second-class mail rates. There was a tremendous decrease in the amount of advertising that was carried. There was a tremendous decrease in the amount that was actually used, and that represented the decrease.

If these other publishers are satisfied from their investigation that they can get along with the supercalendered stock, such as is used here [indicating]—and, to my mind, the color effect there is as good as the other—it will have its direct effect on the market. There is no question in the world about it. It is a straight business proposition.

I thank you, gentlemen.

Senator KING. Is there any other use they could put casein to?

Mr. LUCAS. I understand it is used in mucilage, or some other element of that kind.

Senator KING. In glue?

Mr. LUCAS. Yes. It is now being used there, perhaps, to the fullest extent. I do not know.

Senator KING. Are they improving the supercalendered paper?

Mr. LUCAS. They are improving it all the time. That brings the other angle, that the manufacturers of coated paper are not necessarily the supercalendered paper manufacturers. There is extreme competition between them. The gentleman who was on the stand last night just as you adjourned for the day made reference to a contract that is pending with this publisher, and he is afraid he is going to lose the contract, because this publisher wants to make tests and make an actual run of his color work on the supercalendered paper. I have a letter from that publisher indicating that he is now ready and willing to change, and will change if he is forced to do so by any extensive increase in his prices.

The CHAIRMAN. Thank you very much.

CHALK, WHITING, OR PARIS WHITE

[Par. 20]

STATEMENT OF DOUGLAS FLETCHER, REPRESENTING THE BAKER PAINT & VARNISH CO., JERSEY CITY, N. J.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. FLETCHER. Mr. Chairman and gentlemen of the committee, our main interest in this hearing lies in the proposal to increase the duty on dry ground chalk from \$8 per ton and yet, at the same time, leaving the duty on putty exactly where it is to-day.

Senator KING. You refer to chalk or whiting, or paris white?

Mr. FLETCHER. Yes.

Senator KING. Dry ground or bolted?

Mr. FLETCHER. Yes.

Senator KING. Four-tenths of a cent per pound; precipitated, 25 per cent ad valorem.

Mr. FLETCHER. Yes, sir.

Senator KING. What is your complaint about that?

Mr. FLETCHER. My company, the Baker Paint & Varnish Co., of Jersey City, has been asked to represent the interests of about 25 American manufacturers of putty throughout the country.

As we view it, the proposed increased duty of over 600 per cent on dry ground chalk whiting is bound to eventually cause serious economic disturbance to the putty industry; also the standards of quality to which American consumers are now accustomed, and saddle on the American public an additional sum variously estimated, which they will pay for the various products into which whiting enters, and all this for the benefit of but five manufacturers, employing less than 200 men in the production of whiting.

Senator KING. This increase in the House bill is over 600 per cent!

Mr. FLETCHER. Yes; from 25 per cent ad valorem, which would be actually \$1.10 per ton. They now propose \$8 a ton.

It should be made clear that the water-floated product of a domestic manufacturer of whiting is quite different in its nature and cost of production from the dry ground whiting now being very widely and successfully used by our industry as well as others. In the production, however, of high-grade water floated whiting, there is a poor grade, full of sand and grit, offered and known to the trade as "Commercial whiting."

For this low-grade by-product whiting, only partially satisfactory for use in putty, the domestic manufacturer desires a duty of \$8 per ton, though bringing in the raw material duty free.

The dry-ground Belgian whiting that now enters at a duty of 25 per cent ad valorem, or actually about \$1.10 per ton, is simply the crude chalk dry ground by the simplest machinery at the point of mining.

Imported Belgian putty is all manufactured with just this type of whiting. The Belgian manufacturer of putty is even now, under the present duty, able to lay down putty in New York, duty paid, for about \$3 per hundred weight. As the domestic selling price of strictly pure linseed oil putty in New York should be \$4.25 to \$4.50 per hundredweight to allow the domestic manufacturer to exist, it is readily seen that on a strict price consideration the American manufacturer is already handicapped to the extent of \$1.50 per hundredweight, or 1½ cents a pound.

Senator KING. As I understand it, you represent exclusively the putty manufacturers?

Mr. FLETCHER. Yes, sir.

Senator KING. And you contend that this increase in the price of chalk would greatly increase the price of putty?

Mr. FLETCHER. It will eventually, but it will disturb the absolute economic position of all putty manufacturers to-day.

Senator KING. Never mind about the economics. Would it increase the price of putty?

Mr. FLETCHER. Yes, sir, positively, to the American public.

Senator KING. To the American public?

Mr. FLETCHER. Positively.

Senator KING. That, of course, would increase the price of building.

Mr. FLETCHER. Somewhat; yes, sir.

Senator KING. Because it is used in windows, and so forth.

Mr. FLETCHER. Yes. There would be a cost there that can be estimated from \$1,000,000 upwards. It depends on how you figure the wholesale or retail price.

Senator REED. What does the domestic industry amount to at present? I missed what you said about that.

Senator KING. You mean the chalk?

Senator REED. The whiting.

Mr. FLETCHER. In what way, Senator?

Senator REED. I thought I heard you say that the domestic industry consisted of a small establishment employing two hundred men.

Mr. FLETCHER. The production of whiting?

Senator REED. Yes.

Mr. FLETCHER. Yes, sir. There are about five manufacturers, employing less than 200 men in the production of whiting, and they all bring their raw material in duty free.

Senator REED. Less than 200 hundred, in the aggregate, employed by five manufacturers.

Mr. FLETCHER. Yes, sir.

Senator KING. Where are those manufacturers?

Mr. FLETCHER. They are scattered along the Atlantic seaboard. I think there is one at Bayonne, one or two in Philadelphia, and I think one at some point farther south. I can not give you the exact location of every one of them. I have that in another book.

Senator KING. They get their product in duty free?

Mr. FLETCHER. Absolutely free. It costs them about \$4 or \$5 per ton, delivered at their plant, and they sell it anywhere from \$18 to \$30 per ton after they make it.

Senator KING. Then, the only advantage in this raise of three or four or five or six hundred per cent would be to these five manufacturers who produce whiting.

Mr. FLETCHER. Exactly. That is where the entire advantage lies.

Senator KING. How many tons do you buy from them per annum, approximately?

Mr. FLETCHER. Our total whiting purchases probably will run anywhere from 2,500 to 3,000 tons per year.

Senator KING. How do you buy your whiting, by the ton, or by the pound, or how?

Mr. FLETCHER. It is shipped to us in carloads.

Senator KING. In carloads?

Mr. FLETCHER. We buy it by the carload.

Senator KING. What do you have to pay per ton, in carload lots?

Mr. FLETCHER. Well, there is a slight difference—only a slight difference—between the cost of the imported dry ground chalk that we use mostly and the domestic so-called commercial putty whiting. It will figure out approximately 15 cents a hundred, or \$3 per ton. But actually, when you consider the fact that you can not successfully use imported whiting unless you are willing to carry a stock of 200 or 300 tons on hand, you have your storage expense, and your investment, real estate taxes, and everything else that goes with it, whereas, in the case of the domestic product, you can bring that in a car at a time, so that actually they really cost you about the same.

Senator KING. Have the manufacturers of putty and the consumers of this whiting in the United States made a careful computation of the increase that would result in the purchase of this whiting, assuming that these six domestic manufacturers claimed the full advantage that the proposed tariff rates would give them? You stated something like \$1,000,000 a moment ago. I did not quite get the significance of your statement.

Mr. FLETCHER. The increased cost of the products into which whiting now enters will cost the American public approximately \$1,000,000 upward according to how you figure the wholesale or retail price. In other words, if you take the total use of whiting in the country as being approximately 100,000 tons, which I believe is an approximate figure—that is, imported and domestic production—if you increase the duty \$7 per ton, or \$6.90, to be exact, you have \$700,000 right there. That, of course, when passed on to the ultimate consumer, will amount to considerably more than that figure.

Senator KING. It is pyramided a great deal in the transition.

Mr. FLETCHER. Yes. By the time they get through, it might be \$2,000,000. It would be passed on, of course.

With the proposed \$8 per ton duty on dry ground chalk which the American putty manufacturer uses for raw material, the difference between Belgian and American selling prices in New York would be still further widened to about \$2 per hundredweight, or 2 cents a pound.

The present ability of Belgian putty manufacturers to undersell the American manufacturer on the Atlantic seaboard has an occasion been found to be a disturbing influence. However, as the importer of Belgian putty expects cash on delivery at the dock, and there is no service to go with the putty, we have felt it possible to hold our trade, even under those adverse conditions, even though at this minute they can undersell us.

Senator KING. I presume, if this increase is permitted, you will want an increase in the duty on putty.

Mr. FLETCHER. That is really the main reason I am down here, Senator. The new proposed duty on dry ground chalk, further widening the spread to the considerable figure of \$40 per ton, between Belgian and American selling prices in New York, puts a new phase on the whole matter, and undoubtedly considerable trade can be weaned away from the American manufacturer, to his ultimate ruin.

Of the total cost of 100 pounds of pure linseed oil putty delivered to the customer, 80 per cent represents the cost of American effort and raw materials which vital American interest in the finished product can be totally swept away by foreign putty importations unless the duty on foreign putty is raised to correspond with the proposed increased duty of nearly 700 per cent on dry ground whiting.

To sum up, we have tried in this brief statement to point out that if the tariff is raised on whiting to 40 cents per 100 pounds the putty industry must to exist have a corresponding increased duty on putty amounting to 1½ to 2 cents per pound.

Also that any increase from present duty on dry ground whiting of actually \$1.10 to \$8 per ton, is bound to seriously disturb the economic position of the putty industry.

Believing whole-heartedly in the policy of protection for American industry it is our view that any increase in the present duty on whiting must be met with a corresponding increase in the duty on putty, and if the increase on putty is not allowed then, the duty on dry ground chalk whiting should remain at the present rate of 25 per cent ad valorem.

Senator KING. You are not asking for an increase in the duty of putty?

Mr. FLETCHER. We are willing to leave that alone.

Senator KING. If the price of chalk is left alone?

Mr. FLETCHER. If the price of chalk is left alone, that is the idea exactly. In other words, we are handicapped right now, and if we have to pay \$7 per ton more for our whiting, we are going to be stuck.

Senator SMOOT. Thank you.

STATEMENT OF HUGH W. PEARSON, REPRESENTING THE UNITED STATES KALSOMINE CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator KING. Whom do you represent?

Mr. PEARSON. The United States Kalsomine Co. Our factory is located at Newark, N. J. We employ 100 people. We manufacture 5,000 tons of kalsomine a year, and we make \$5 per ton net profit. We make our kalsomine from imported whiting, a grade not made in the United States. So with the proposed increase of duty amounting to \$7 per ton it not only takes away all our present profit but gives no benefit to the American whiting manufacturers, as they do not make this grade.

Senator KING. Mr. Pearson, do you agree with the statements made by Mr. Fletcher?

Mr. PEARSON. Yes, sir.

Senator SMOOT. Well, is there anything that you want to add to what he said?

Senator REED. Yes; he is adding it, Mr. Chairman. He is just telling the effect on his own industry, the kalsomine industry.

Mr. PEARSON. Simply that if this \$7 duty is imposed it wipes out our profits entirely, and it seems rather unfair that a duty should be placed on a product that is not manufactured in this country.

Senator REED. You can not use the American?

Mr. PEARSON. No, sir.

Senator SMOOT. Why?

Mr. PEARSON. We use what is known as the dry-ground chalk. It is simply the crude chalk ground up at the place of shipment, and it is inexpensive and suits our requirements. The whiting that is made in this country is brought over as the crude chalk and then floated in different vats, and the expensive kind, such as Paris white, takes the best quality, and then the next and the next, until you get down to the lowest quality, which they call commercial, which would be unsuitable to make kalsomine, and yet would cost \$7 or \$8 more than the purely ground chalk.

Senator REED. Is there any kalsomine imported?

Mr. PEARSON. No, sir.

Senator REED. Why? Have you a protective duty?

Mr. PEARSON. No. We export a great deal of chalk to the British Colonies, but we never have any imports.

Senator KING. You mean you export kalsomine?

Mr. PEARSON. Yes, to the British Colonies, to Australia, to South America.

Senator KING. Is your trade increasing?

Mr. PEARSON. Yes, but we, of course, would be entirely wiped out with this duty. And as you know, kalsomine is a very inexpensive form of interior decoration. Very largely used in this country.

Senator SMOOT. Could you import it?

Mr. PEARSON. I do not think so, sir. The Americans rather excel in the manufacture of kalsomine. The other nations do not seem to.

Senator KING. You have no competition at all then?

Mr. PEARSON. No, sir.

Senator KING. I mean exporting to other countries?

Mr. PEARSON. Exactly.

Senator KING. So you do not want a tariff?

Mr. PEARSON. No, sir; let the present tariff remain, the old tariff, 25 per cent ad valorem will go along very nicely, but with an increase of \$10 per ton we will be out of business.

Senator KING. Did you have a statement to file?

Mr. PEARSON. No, thank you.

Senator SMOOT. All right. Thank you.

STATEMENT OF SCOTT L. LIBBY, NEW YORK CITY, REPRESENTING IMPORTERS AND MANUFACTURERS OF CHEMICALS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. LIBBY. Most of my arguments have been covered by these other two men, except I would like to say that under the old tariff rate of 25 per cent ad valorem the domestic grindings have sold 94,000 tons, and the importers sold 32,000 tons in 1926. In the importers' tonnage is included this dry ground chalk which Mr. Pearson and Mr. Fletcher just spoke about, and which is not manufactured here. So that it seems to me that if you are getting a large proportion of the business under the present tariff there is no occasion to increase it some 600 per cent.

Senator KING. What do you manufacture?

Mr. LIBBY. We do not manufacture anything. We are importers.

Senator KING. Importers of chalk or what?

Mr. LIBBY. Of chalk and powder. Of whiting. And we import the chalk too. I might say just one word more, that the domestic grinders have reduced prices of their own accord under this present schedule. And there have also been new companies started in business on this new schedule. And those new companies have under-sold me, decreased the prices.

Senator SMOOT. Thank you.

BRIEF OF THE MANUFACTURERS OF WHITING AND PARIS WHITE

COMMITTEE ON FINANCE,
United States Senate.

Paragraph 20, H. R. 2667, as passed the House May 28, 1929: "Chalk or whiting or Paris white; dry, ground, or bolted, four-tenths of 1 cent per pound."

1. The undersigned are manufacturers of whiting and Paris white, made from raw or crude chalk. It is the sole business in which they are engaged.

2. Whiting, Paris white, and chalk, ground, washed, or bolted, are different grades of the same material; that is, natural chalk, ground, bolted, or washed. No by-products are obtained in the process of manufacture.

3. There are no deposits of chalk in the United States suitable for the manufacture of whiting and Paris white. The raw material, chalk, is imported principally from England and France.

4. Since 1919 competition from imported whiting has increased from 1,759,583 pounds to 80,008,320 pounds in 1928, amounting to about two-thirds of domestic production for sale. During this period the unit price has decreased from \$0.0104 per pound in 1919 to \$0.0023 per pound in 1928. Competition is not confined to either the high or low grades of whiting.

From Summary of Tariff Information, 1929

	Unit value	
	Per pound	Per ton
Page 109—Foreign whiting, 1928.....	\$0.0023	\$4.00
Page 110—Transportation cost when marketed in Atlantic coast cities.....	.6823	4.40
Landed cost in United States less duty.....	.0045	9.00
Page 108—Average selling price, Table No. 2, American manufacturers, 1927.....	.006925	13.55
Duty necessary to equalize.....	.00425	10.85

5. The duty of four-tenths of 1 cent per pound as granted in H. R. 2667 is equal to \$8 per ton, as against \$10.85, the amount necessary to equalize costs. This difference, while apparently small, represents to American manufacturers the difference between profit and loss.

6. As indicated by the above figures prepared from Summary of Tariff Information, 1929, which were obtained by United States Tariff Commission during an investigation of the whiting industry, a duty of one-half cent per pound is necessary to equalize costs. We therefore respectfully request the Finance Committee to increase the duty of four-tenths of 1 cent per pound granted in H. R. 2667 to one-half of 1 cent per pound.

SOUTHWARK MANUFACTURING Co., Camden, N. J.
THE TAINTEE Co., Bayonne, N. J.
STOCKNEY, TIRRELL & Co., Boston, Mass.
PHILADELPHIA WHITING WORKS, Philadelphia, Pa.

CHICLE

[Par. 25]

STATEMENT OF A. W. BLENDOW, REPRESENTING THE NATIONAL GUM & MACHINE CO., NEWARK, N. J.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator KING. Which paragraph do you appear on?

Mr. BLENDOW. No. 25; chicle.

Senator SMOOT. You are an importer?

Mr. BLENDOW. Manufacturer of chewing gum.

Senator SMOOT. But I say, you import chicle, do you not?

Mr. BLENDOW. Oh, yes, we buy imported chicle. I represent a number of smaller companies besides my own company.

Senator REED. What is your own company?

Mr. BLENDOW. The National Gum and Machine Co., Newark, N. J.

Senator KING. That is chewing gum?

Mr. BLENDOW. Yes.

Senator SMOOT. Chicle.

Mr. BLENDOW. Chicle, which is used in chewing gum. The smaller chewing gum manufacturers need a great deal of help, as shown by the many failures which have occurred in the industry during the recent years.

Senator SMOOT. We have not changed the existing law. What are you asking for?

Mr. BLENDOW. We are asking for the elimination of the 10-cent tariff which is now on chicle.

Senator SMOOT. That is the same as you did in 1922?

Mr. BLENDOW. Yes, sir. The number of smaller manufacturers is constantly decreasing. The few larger manufacturers have millions of dollars invested in their own chicle operations in foreign countries, and naturally they get their chicle cheaper than the smaller manufacturers can obtain it.

Our industry needs relief badly. The few larger manufacturers have large profits from outside sources, such as buildings and food products and candies.

Chewing gum is always sold for 5 cents a package, or 1 cent for a stick, and the price to the consumer can not be increased. The size of the package can not be decreased on account of the automatic machinery now being used, and because each stick of gum must in itself be a sizeable chew. The cost of materials have steadily increased for the past 15 years or more.

Senator SMOOT. Those machines were made, however, taking into consideration the cost based on the existing law.

Mr. BLENDOW. They are made on the existing standard for a piece of gum.

Senator SMOOT. Yes, and that was based on the existing law.

Mr. BLENDOW. Yes.

Senator SMOOT. We are not changing it.

Senator REED. The rate was reduced from 15 cents a pound to 10 cents a pound by the act of 1922.

Mr. BLENDOW. Yes.

Senator SMOOT. If we made a change and it would come in free you would not change your machines at all?

Mr. BLENDOW. No, the point is this, that the smaller manufacturer is not able to compete with the larger manufacturer under the existing conditions.

Senator SMOOT. That is not on account of the price of chicle?

Mr. BLENDOW. To a certain extent.

Senator SMOOT. The large manufacturer pays 10 cents a pound and so does the smaller manufacturer pay 10 cents a pound.

Senator REED. It is the advertising expense that eats you up.

Mr. BLENDOW. Well, no, I would not say that, but it is also the quality of the merchandise which has to be considered. Now, if the smaller manufacturer could use a larger percentage of chicle in his gum to bring up the quality of his merchandise to the same quality that the larger manufacturer is using, why it would help to increase his business, it would help to increase his sales. But in the present condition the price of chicle is such that he can not use the quantity that he should use.

Senator KING. Have you and the smaller manufacturers made an investigation with a view to determining the differential between the large manufacturer, such as Mr. Wrigley, and the small manufacturer of chewing gum?

Mr. BLENDOW. In respect of what, sir?

Senator KING. In the purchase of your chicle abroad?

Mr. BLENDOW. Do you mean the amount?

Senator KING. No; the cost per unit. How much more does it cost you?

Mr. BLENDOW. How much more does it cost the small manufacturer than the larger manufacturer?

Senator KING. Yes; how much more does it cost the smaller than the larger manufacturer?

Mr. BLENDOW. That, of course, we do not know, because we do not know what their saving is because of their own chicle business.

Senator SMOOT. Even if that was so that would not help you. If they buy cheaper now they would buy cheaper without any duty.

Mr. BLENDOW. Yes they would; but it would give the smaller manufacturers a chance to compete.

Senator SMOOT. How?

Mr. BLENDOW. From the standpoint of quality alone.

Senator SMOOT. Not in the least. If they can buy chicle now cheaper than the smaller manufacturer can buy chicle that would be the case whether you have a duty on it or not. There is nothing in that.

Senator REED. In other words, the Senator means that the duty is a handicap imposed on everybody, big or little.

Mr. BLENDOW. Yes; that is true.

Senator REED. If we take it off for you we take it off for them.

Mr. BLENDOW. That is true; but it would put the smaller manufacturer in the position where he could compete with the larger.

Senator REED. His wholesale price would have to come down.

Mr. BLENDOW. No; his wholesale price would not come down, because the consumer pays 5 cents a package.

Senator REED. That is at retail.

Mr. BLENDOW. Yes; at retail.

Senator REED. But I am talking about your wholesale price at which you sell it to the distributor.

Mr. BLENDOW. That price no doubt would remain the same, because the price between that and what the jobber sells it to the retailer for is so small.

Senator SMOOT. That would give Mr. Wrigley 10 cents more.

Mr. BLENDOW. Well, we are not interested in what Mr. Wrigley can make if we can make our own profits.

Senator REED. No; but there are a million dollars a year coming to the United States Treasury in revenue.

Mr. BLENDOW. But, after all, the tariff act is for the protection of domestic industry. And there isn't any chicle produced in this country whatsoever.

Senator REED. Partly that is so. It is also to collect revenue from luxuries.

Mr. BLENDOW. I also want to call your attention, as I go on in my remarks here, to the fact that the chewing-gum industry, including the smaller manufacturers, of course, are now paying a high tariff on the sugar that is used, which is a large percentage of the content of chewing gum. And the fact that the smaller manufacturer can not compete now, which is shown by the fact that so many have gone out of business.

Senator KING. The small manufacturers will have to do like Mr. Wrigley, own a sugar factory. Mr. Wrigley has one in my State and makes his own sugar.

Mr. BLENDOW. Well, if we were Wrigley's size we could perhaps do that.

Senator KING. The fact is that you are up against large units of production.

Mr. BLENDOW. Yes.

Senator KING. And large capitalizations.

Mr. BLENDOW. Yes.

Senator KING. And you feel the handicap by reason of that fact. But I agree with my colleague, Senator Reed, that they are under the same handicap of 10 cents that you are under, and if we reduce the tariff so that the chicle comes in free, Mr. Wrigley and the large producers would get the benefit of that reduction.

Mr. BLENDOW. Oh, there is no doubt about that at all. But my argument is this, and the argument of the smaller manufacturers is this, that if that reduction is made we will be in a better condition to compete. It is true that they also come in under the benefits of it.

Senator KING. Well, I do not quite see the logic of your argument. I wish I could, because wherever I can see a chance to reduce the tariff in the interest of the consuming public I think we ought to do it—without injuring, of course, business. Proceed.

Mr. BLENDOW. Another point is that the jobbers are losing out under existing conditions, due to the chain stores, and so forth. And there are losses on account of bad accounts, and credit conditions; these losses on these accounts in the chewing-gum business are greater than they have ever been.

Senator KING. Sell for cash and reduce your selling price.

Senator REED. They would like to if they could.

Mr. BLENDOW. As I said before, the chewing-gum industry already pays a high import duty on sugar, which is the great bulk of the chewing gum. And as I have also stated before, chicle can not be produced in the United States, and the present duty is extremely high. It is really uncalled for, because about 70 per cent of the chemical schedule under which we are listed comes into this country duty free. Ten cents per pound on an average value of 50 cents is 20 per cent ad valorem on a crude article.

Senator KING. What is the price of chicle abroad? The amount that the manufacturer pays?

Mr. BLENDOW. Well, duty paid, it is around 55 cents. When you consider the water and foreign matter in chicle which have to be eliminated, the percentage is actually higher than the percentage which I have just stated. The export duties of chicle-producing countries are less than one-half of the United States import duty. This appears to be altogether unfair when it is impossible to produce chicle in this country.

For these reasons, and others too numerous to include now, we respectfully request that crude chicle be placed on the free list with the big majority of the items in our schedule, and we would like very much, with the permission of your committee, to file a brief in this connection.

Senator SMOOT. Very well. Thank you.

(Mr. Blendow submitted the following brief:)

BRIEF OF SMALLER CHEWING GUM MANUFACTURERS

The COMMITTEE OF FINANCE,

United States Senate, Washington, D. C.

HONORABLE SIRS: We beg to present this brief to your honorable committee, setting forth the reasons for our request and urgent recommendation that the existing import duty on chicle be eliminated.

The present import duty on chicle is a duty for revenue purposes only and in no sense for protection of any American producer. Chicle, which is used by the manufacturers of chewing gum as a base, is not raised in the United States and can not be raised in this country, being the sap of a tree which grows only in tropical climates with a heavy rainfall.

Some time ago the Canadian Government entirely eliminated its import tax of 7½ per cent ad valorem on chicle, which is now entirely duty free in Canada, thus making it possible to manufacture chewing gum cheaper in Canada than in the United States.

The smaller chewing-gum manufacturers need help badly, as shown by the many failures in the industry during recent years in New Jersey, Kentucky, Pennsylvania, Ohio, Virginia, and various other States. The smaller manufacturers still remaining in the business are facing extremely difficult and serious problems; unless relief is granted in some form, undoubtedly more of the smaller chewing-gum manufacturers will be forced into bankruptcy. This is further brought out by the fact that the number of chewing-gum manufacturers is constantly decreasing. Department of Commerce figures show that the number has been reduced from 116 to 41 manufacturers.

The few larger manufacturers have millions of dollars invested in their own chicle operations in foreign countries and naturally get their chicle cheaper than the smaller manufacturers.

Our industry, as a whole, urgently needs relief. The few larger manufacturers have large profits from sources altogether outside of the chewing-gum business—such as buildings, food products, candy, etc.

Since the inception of the chewing-gum industry many years ago gum has always sold for 5 cents per package and 1 cent the stick to the consumer and

the price to the consumer can not be increased without very materially reducing the volume of business. Large quantities of chewing gum are sold to school children at 1 cent a stick, there being five sticks in each package.

The size of the package can not be decreased on account of the use of automatic machinery which would be very costly to change, and because each stick of gum must be a chew by itself.

The cost of materials necessary in the manufacture of chewing gum has steadily increased for the past 15 years or more and we can not reasonably expect lower prices to prevail in the near future.

The chewing-gum industry already pays high import duties on sugar, which is the main bulk of chewing gum.

Chicle can not be produced in the United States and the present import duty is extremely high. It is really uncalled for because about 70 per cent of the chemical schedule, under which we are listed, comes into this country duty free.

If the Government needs the revenue from our schedule, we would have no objection whatsoever to paying our share but we consider it altogether unfair for 70 per cent of the items listed in our schedule to be free of import duty and have the approximately 30 per cent remaining bear the entire burden.

The present import duty of 10 cents per pound on chicle—on an average value of 50 cents per pound—is a tax of 20 per cent ad valorem on a crude article, which can not be produced in this country, whereas many competitive items in our schedule carry no import duty. According to Government reports made by the Department of Commerce when chicle is shipped from the foreign markets it contains about 50 per cent of moisture and foreign matter. When the water and foreign matter in chicle are eliminated, which must be done before that material can be used in the manufacture of chewing gum, the percentage of import duty is actually very much higher than the 20 per cent mentioned above.

The export duties of chicle-producing countries are less than half the United States import duty. This appears to be altogether unfair when it is impossible to produce chicle in this country and when crude materials ordinarily enter this country free of duty.

While it is a fact that the elimination of the present import duty on chicle would help the larger manufacturers as well as the smaller ones, at the same time such a reduction in the cost of chicle would assist the smaller manufacturers in their ability to compete with the larger ones from the standpoint of QUALITY. Under present conditions the few larger manufacturers are in a position to make a better gum because they can use more chicle in their products; with this requested reduction of 10 cents per pound in the cost of chicle, the smaller manufacturers could use more chicle and thereby compete to better advantage by producing a gum of higher quality, which they are now unable to afford.

The industry is gradually getting into a very few hands, and the smaller manufacturers badly need assistance from that standpoint.

While a very few of the larger chewing gum manufacturers are making money, that is no criterion of the situation actually existing for the smaller ones, who make up the big majority of manufacturers in that industry.

For the foregoing reasons we respectfully request that you grant us the above-mentioned relief by eliminating the import duty on crude chicle.

Respectfully submitted.

The National Gum & Machine Co., Newark, N. J., A. W. Blendon, general manager; American Chewing Products Corporation, Newark, N. J., A. W. Blendon, agent; Flatbush Gum Co. (Inc.), Brooklyn, N. Y., A. W. Blendon, agent; National Candy Coated Products Co., Brooklyn, N. Y., A. W. Blendon, agent; Ford Vending Machine Corporation, Lockport, N. Y., A. W. Blendon, agent; Curtiss Gum Co., Chicago, Ill., by M. D. Bromberg, agent; Frank H. Fleer Corporation, Philadelphia, Pa., by M. D. Bromberg; Mint Gum Co., New York, N. Y., by M. D. Bromberg; William J. Wischmann, Brooklyn, N. Y., by M. D. Bromberg; Morton Gum Co., Kansas City, Mo., by M. D. Bromberg.

THYMOL; EUCALYPTUS OIL

[Para. 26 and 59]

STATEMENT OF LEVI COOKE, WASHINGTON, D. C., REPRESENTING THE GLYCERO PHOSPHORUS CO., THE MONSANTO CHEMICAL WORKS, AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. COOKE. If the committee please, I wish to speak first of thymol, which is in paragraph 26. Thymol, chloral hydrate, and glycerophosphate are in that paragraph.

Thymol is a product used as a nasal wash and mouth wash. It is manufactured from aguan seeds coming from India, from a coal-tar product, and from eucalyptus oil. The two manufacturers in the United States were Verona and the Orbis Products Trading Co. (Inc.). Verona has quit producing. They could not compete with the German product from coal tar. They were making thymol from aguan seeds from India. My client, the Orbis Co., makes thymol from eucalyptus oil that comes from Australia.

There is a 25 per cent duty on eucalyptus oil, and only a 35 per cent duty on the product, thymol. I understand that that duty on eucalyptus oil was because of an effort to develop eucalyptus in production in California. They do not make eucalyptus dives, which is the particular eucalyptus oil that is the basis for this product.

All that we ask is 60 per cent instead of 35 on the finished product to equalize the cost of the raw-material duty. We get a protection that equals only about 18 per cent on the product.

Senator REED. Does that paragraph cover synthetic thymol, too?

Mr. COOKE. It covers all thymol. It is mentioned there eo nomine.

Senator REED. What paragraph?

Mr. COOKE. Paragraph 26, and under paragraph 59, eucalyptus oil takes 25 per cent ad valorem. We can not import the eucalyptus oil and produce thymol from it here in competition with German thymol. The price has broken in four years from \$3.75 to \$2.10. This company went into production in 1925. It is a new industry. The price immediately broke under the competition. If we had either a free raw material or a duty on the raw material and a higher protection on the product we could continue to produce.

The Germans make it from meta-cresol, which is a coal-tar product.

Senator REED. They are making it successfully, are they?

Mr. COOKE. Our people? Very successfully.

Senator REED. No; I mean the Germans are?

Mr. COOKE. The Germans are able to make it; it can be made from meta-cresol, from aguan seeds, or from eucalyptus oil.

Senator REED. Why do we not make it synthetically?

Mr. COOKE. It would be possible, but the two things are about on a parity in cost of production. There is no difficulty in producing it by any one of the three processes. Our client is using as his raw material eucalyptus dives, which are made in Australia. California has never produced any eucalyptus dives.

Senator REED. Why should we impose any duty on the raw material?

Mr. COOKE. That is perfectly satisfactory to the producer here of thymol. Take that duty off and we are satisfied with 35 per cent ad valorem.

Senator REED. What paragraph puts the duty on eucalyptus?

Mr. COOKE. Paragraph 59 on eucalyptus oil. We have been keeping up production in an effort to reduce costs and keep in the business, but the great break in the price which occurred after production started has made it impossible.

CHLORAL HYDRATE, GLYCEROPHOSPHORIC ACID, VANILLIN, SODIUM SULFITE AND SODIUM BISUL- PHITE

STATEMENT OF JOHN D. BOYER, REPRESENTING THE MONSANTO CHEMICAL WORKS, ST. LOUIS, MO.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. BOYER. I wish to speak first about chloral hydrate, which now is in paragraph 26, assessed 35 per cent.

The new evidence which we have to present since our presentation of the case before the House Ways and Means Committee is substantial importations in large volume occurring in January, immediately producing another reaction in the American market price.

Chloral hydrate is a hypnotic sedative. We are producers, you know, of medicinal, pharmaceutical, and industrial chemicals. Chloral hydrate is one of a long line of things of that kind that we have made.

You gentlemen have in this particular product a very interesting example of what occurs when protection is withdrawn.

In the act of 1913 the duty was reduced to 25 per cent; and the competition of importers was so great, consistently reducing the price, that Monsanto in a few years after that was forced to shut down and dismantle its plant. Immediately after that the price of chloral hydrate went up. After that the war came along; production did not come over, and we have started operating again, and now we are in the same fix with regard to competition.

Senator REED. But the imports last year were only \$513.

Mr. BOYER. Yes, sir; they were very small.

Senator REED. So that this item in the tariff bill netted the United States last year about \$165.

Mr. BOYER. Yes, sir. There was an importation in the month of January, Senator, of over 10,000 pounds.

Senator KING. Was not that because of the anticipation of a raid here on this committee, and a demand for high tariffs, and a belief that there would be an enormous increase in the tariff, so that people have taken advantage of that, and have imported considerable quantities?

Mr. BOYER. I do not know, sir. The point is, it has again reduced the American price.

The CHAIRMAN. What duty are you asking for?

Mr. BOYER. We are asking for 60 per cent.

Senator KING. What is it now?

Mr. BOYER. Thirty-five per cent.

Glycerophosphoric acid, its salts and compounds, also occur in that paragraph at the same rate of duty. We are again asking for 60 per cent on them.

The importations on that long list of medicinal chemicals showed an increase of over 400 per cent. In order further to clarify and present the facts before you, we have presented to your Tariff Commission a public accountant's statement of our costs on that thing. We are not able to present that publicly, but we are giving it to the Tariff Commission so that you can consider it.

Senator KING. Mr. Boyer, have you here a statement of the capital stock of the Monsanto Co.?

Mr. BOYER. Those are public statements, Senator King.

Senator KING. Well, I should like the statement.

Mr. BOYER. I mean, that can be procured. Our statements are all public.

Senator KING. Your stock and your assets and your liabilities and your dividends and your surplus and so forth?

Mr. BOYER. Yes, sir.

Senator KING. And your earnings for 1928 and 1927 and 1926 and back?

Mr. BOYER. Yes. Do you mean that you would like to have that filed with the committee?

Senator KING. I should like to have that filed with the secretary here.

Mr. BOYER. All right, sir.

Senator KING. Where can I get a copy—in Moody's Manual?

Mr. BOYER. Yes; of course.

Senator KING. If you can furnish it I should be much obliged.

Mr. BOYER. All right.

Senator REED. It is in the Finance Committee's library, Senator.

Mr. BOYER. The company is a public corporation, and those things are very easy to secure.

Referring to the matter of vanillin—

Senator REED. Where is that?

Mr. BOYER. That is named in paragraph 61. There we are asking for a correction of its placement.

Vanillin is a synthetic flavoring material, a coal-tar product. It does not belong as a perfume material at all. It belongs with other synthetics, such as the synthetic essence of grape, wintergreen, tonka bean, etc., all of which appear in paragraph 28.

The reason for our feeling that that is urgently necessary is that the question of its duty under paragraph 61 is always under attack. It is in a controversial position, making it uncertain as to our progress and our future in the art.

Senator REED. In other words, it has alcohol in it?

Mr. BOYER. No.

The CHAIRMAN. No; it is a coal-tar product.

Mr. BOYER. It is a coal-tar product, and it is receiving duties under paragraph 28 as a coal-tar product. It is simply a correction in procedure that we are asking.

Senator KING. You want it transferred?

Mr. BOYER. From paragraph 28.

Senator KING. With less duty?

Mr. BOYER. No; at the same rate of duty that it is now receiving, Senator KING. It is a court decision—the decision of a lower court—which is assessing it under paragraph 28 now, you see.

Senator KING. This is made by the du Ponts, the Viscoloid Co., is it not?

Mr. BOYER. No, sir.

Senator KING. What other companies are manufacturing it?

Mr. BOYER. There are four other manufacturers.

Senator KING. Chemical companies?

Mr. BOYER. The Maywood Chemical Co., the Verona Chemical Co., Fries Bros., and the Mathieson Alkali Co.

The CHAIRMAN. Is that all you wish to present?

Mr. BOYER. I should like to say a word on sodium sulphite and sodium bisulphite.

The CHAIRMAN. Your two minutes are gone.

Senator REED. Let us give him one minute on that subject.

Senator KING. What paragraph is that?

Mr. BOYER. It appears in paragraph 83—sodium sulphite and sodium bisulphite—at the end of that paragraph.

Senator REED. Line 18.

Mr. BOYER. This is in a little different position from the other things that I have been speaking about, in that importations are increasing, and now exist at the rate of millions of pounds a year. There is an increasing American consumption for the material. What I want to present is its particular interest in association with the production of another great American industrial—that is, phenol. Our production of it is coordinated with the production of phenol.

If we are assured against further declines and further increases in German importations, we feel assured of progress in both commodities.

The CHAIRMAN. Have you a brief that you want to file on this?

Mr. BOYER. Yes; I will file a brief on each one of those.

The CHAIRMAN. Did you file them in the House?

Mr. BOYER. Each one of them has separate new facts, Senator.

The CHAIRMAN. But have you got all of the old facts, or just the new facts, in your briefs?

Mr. BOYER. Just the new facts.

The CHAIRMAN. File them with the reporter, then.

Senator KING. This is used for bleaching cotton and so forth, is it not?

Mr. BOYER. It has a wide variety of uses. You can not say that any one use—

Senator REED. It is possible to hang it on to the agricultural interests by some method, is it not?

Mr. BOYER. I am afraid not.

Senator REED. If you can not do that, you have not a chance.

Senator EDGE. Is it possible to demonstrate that any of the suggestions you have made here are related to some agricultural process?

Senator KING. Let us leave that debate until we get on the floor.

Mr. Boyer. The large use of sodium sulphite is in the rayon industry, if that will help you.

(Mr. Boyer submitted the following brief:)

BRIEF OF MONSANTO CHEMICAL WORKS, ST. LOUIS, MO.

CHLORAL HYDRATE—PARAGRAPH 26

The present House bill leaves the rate on chloral hydrate under paragraph 26 at 25 per cent ad valorem.

The Monsanto Chemical Works, as well as Merck & Co., of Rahway, N. J., the other producer in the United States, advocated an increase of this duty to 60 per cent ad valorem in order to preserve American production.

The history of chloral hydrate has shown the necessity of adequate protection from German production if this article is to be produced in the United States. It will be recalled that under the act of 1913, the duty on chloral hydrate was placed at 25 per cent ad valorem in place of 55 cents per pound under the preceding act; and as was explained to Congress at the time of the enactment of the tariff act of 1922, the effect of the 1913 rate was to enable German producers so to reduce the price in the United States as to cause the dismantling of the chloral hydrate installation at the Monsanto Chemical Works at St. Louis. Immediately after such dismantling, the Germans promptly restored the price to its original high level.

When the war caused the European blockade, the Monsanto Chemical Works rebuilt its chloral hydrate plant and was able to stay in the business during the period of the war, and with the existing rate of 35 per cent inaugurated in the 1922 act, the business has continued until now when it is again threatened with complete destruction by virtue of foreign importation at low prices.

Two developments have occurred to make the present rate of 35 per cent entirely inadequate. In the first place, the consumption of chloral hydrate within the United States has fallen substantially to 50 per cent of the volume 15 years ago. This reduction in consumption has been due to a declining use in the veterinary field caused by the displacement of horses and changing applications of chloral hydrate in other fields. The article is nonetheless an important medicinal chemical and the plant installation and production should be preserved in the United States against possible new applications increasing the demand therefor within the United States above the present range of requirement. Naturally, this reduction in consumption has made lowering prices more difficult to be absorbed by manufacturers.

In the second place, chloral hydrate, being a chemical combination of chlorine gas and alcohol, higher costs of alcohol within the United States due to the severe Federal control of industrial alcohol production in aid of prohibition enforcement makes the raw material cost here higher than in Germany. To be considered under this heading is also the increased cost of production in all manufacturing lines which in addition to raw materials affects the production of this article.

Until within the past six months, foreign competition while always a serious threat has not markedly interfered with the domestic production. Prices were maintained in the neighborhood of 70 cents per pound. Within the last six months, however, the constant threat of foreign competition has materialized in large importations. For instance, in the month of January, 1929 (see Department of Commerce, Bureau of Foreign and Domestic Commerce, Statement I-8200, p. 10, class No. 838070), there appeared an importation of 11,000 pounds. It was during that month that the Ways and Means Committee had before it this item. The evidence of such a large importation in one month was not then available and the fact could not be presented to the Ways and Means Committee. The effect of this one importation was to cause an immediate reduction of the prevailing domestic price from 70 cents to 60 cents per pound. This shows a trend of price substantially to that of 20 years ago. It is quite impossible for the domestic producers to meet foreign quotations under the existing tariff rate of 35 per cent.

It is respectfully submitted that the rates should be placed at 60 per cent ad valorem if domestic production is to continue, all factors above suggested being taken into account.

It is respectfully urged that unless the relief urged upon the Ways and Means Committee can now be awarded in the face of newly developed facts regarding importation, the domestic production will of necessity cease.

In view of the chemical position in Germany, there is further no question but what the prices on chloral hydrate will as occurred after the enactment of the 1913 act be raised to high levels far above the present domestic competitive status as to price current. The history after the enactment of the 1913 act when domestic installation was dismantled in face of German competition with subsequent raise of prices on the imported article will undoubtedly be duplicated.

GLYCEROPHOSPHORIC ACID, SALTS, AND COMPOUNDS—PARAGRAPH 26

With respect to this item, we beg to show that there are two American producers, The Monsanto Chemical Works, of St. Louis, Mo., and the Heyden Chemical Corporation, of New York City, with factories located near Patterson, N. J., and at Perth Amboy, N. J.

The Monsanto Chemical Works has an investment of more than \$225,000 in plant installation for the production of the 15 different articles coming within this item. These products range in price from 75 cents per pound to \$3.60 per pound, and the general average may be said to approximate \$1 per pound. Production in the United States has been on the basis of about 240,000 per annum, against which there has been an increasing importation from 12,481 pounds in 1922 to over 50,000 pounds in 1927, with the year 1920 showing an importation of over 60,000 pounds.

Sales prices in the United States, according to the records of the United States Tariff Commission, ranged on calcium-glycerophosphate and sodium-glycerophosphate at a pre-war level of \$1.20 and \$1.95 per pound. Starting in 1919, with prices of \$1.70 and \$2.55 per pound for these two commonly used glycerophosphates, a steadily lowering level reached in 1927 the price of \$1.30 and \$1.35 cents per pound for these same articles.

It is thus evident that these prices in 1927 had with respect to calcium-glycerophosphates approximated the pre-war level and with respect to sodium-glycerophosphates the price was markedly below pre-war level.

Furthermore, beginning in 1922, an increasing importation occurred which by 1926 and 1927 was substantially 25 per cent of domestic requirements. Within recent months since the commencement of tariff hearings in the House of Representatives, foreign competition has been markedly present in the domestic market and has necessitated reduction of prices which impairs domestic operation.

The Monsanto Chemical Works has furnished certified public accountant's figures of its production costs to the Tariff Commission for advice to this committee.

French and German selling prices are known to be below 75 cents per pound and the present rate of 35 per cent enables foreign manufacturers to lay the merchandise down in New York with freight and insurance charges that can not exceed 2 cents per pound at approximately \$1.03 per pound for American sales prices.

The assessment of 60 per cent ad valorem on this product would, with respect for instance to calcium-glycerophosphate, bring the foreign price laid down in New York to \$1.22 per pound, and even this rate would leave the foreign product in competition with the American merchandise at less than the previously existing American selling price of \$1.30 per pound. This with respect to the most important one of the several different articles coming within the description.

It is respectfully urged that the committee award to this item a rate of 60 per cent ad valorem, and that in consideration of this item the data laid before the Tariff Commission by the Monsanto Chemical Works be examined for ascertainment of the domestic cost situation.

VANILLIN—PARAGRAPH 61

This memorandum is presented on behalf of the Monsanto Chemical Works and the request presented is concurred in by the Mathieson Alkali Works (Inc.), producing at Newark, N. J.; Verona Chemical Co., Newark, N. J.; Fries Bros., manufacturing at Bloomfield, N. J.; and Givaudon-Delawanna (Inc.), Delawanna, N. J.

Vanillin is a flavoring material which is manufactured synthetically either by development from a coal tar base, i. e., guaiaacol or parachlorphenol or from clove oil in combination with other coal tar products, such as nitrobenzene or toluene.

Chemically, vanillin is the flavoring principle of the vanilla bean. Practically and commercially, no vanillin is now produced from vanilla beans, but all production is by coal-tar processes.

Vanillin is mentioned *eo nomine* in paragraph 61. This classification amongst the perfume items is illogical, as practically no vanillin is used for perfume purposes. It is, however, properly classed with coumarin, methyl anthranilate, and methyl salicylate appearing in paragraph 28; this for the reason that vanillin is a synthetic reproducing the principle of the vanilla bean while the other three chemicals mentioned reproduce the principle of the tonka bean, the grape and wintergreen, respectively.

Vanillin under the act of 1922, while mentioned specifically in paragraph 61, has been classified as a coal tar under paragraph 28 for purposes of assessment because it properly classifies as a coal-tar product. Importations of vanillin have been steadily increasing since the enactment of the 1922 act even under the classification placing the item in the rates of paragraph 28, the finished coal-tar paragraph; nonetheless recent efforts have been made by importers to secure the application to vanillin of the 45 per cent *ad valorem* mentioned in paragraph 61.

This latter contention has been made on the ground that vanillin as imported, which as stated in the chemical principle of the vanilla bean, has been made from cloves or other material without coal-tar processes. In view of this attack upon the classification of vanillin under paragraph 28, such classification having existed for several years, and in view of the fact that importations have increased even under that classification, it is respectfully urged that vanillin should be mentioned *eo nomine* in paragraph 28 and deleted from paragraph 61, so that any question as to the rate of duty to be applied to this single article be removed from controversy.

American manufacturers are confident that there is no commercially producible vanillin made otherwise than by coal-tar processes, and therefore assert that any article of vanillin imported into the country, should, from every standpoint of protection, be considered as a coal-tar processed article and should, therefore, be placed in the coal-tar paragraph. This matter was presented to the Ways and Means Committee on the simple basis that the classification which had long persisted should be plainly stated in the revision of the tariff, so that the item would appear *eo nomine* in the paragraph under which necessary customs classification had placed it.

In view of presently threatened controversy on account of the *eo nomine* mention of vanillin in paragraph 61, which has developed pointedly since the hearings in the House committee, it is now shown to the Senate Finance Committee that aside from mere correction of the terminology of the act the correction should be made in the interest of definitely placing vanillin within the coal-tar paragraph in order to make certain the continuance of the rate of duty which vanillin has received during the past few years.

SODIUM SULFITE AND SODIUM BISULFITE (SODIUM META BISULFITE)—PARAGRAPH 83

These articles are used in the mining industry, tanning industry, photographic chemical field, in the rayon or artificial-silk industry, and in many other operations where chemical reactions are required.

The present rate of paragraph 83 applicable thereto is three-eighths of 1 cent per pound. One incongruity of the present rate is discovered in the fact that sodium sulfite crystals containing substantially one-half their weight in water take the same rate as sodium sulfite anhydrous, despite the fact that the latter contains substantially twice the amount of the chemical article that is contained in the crystal form. Appeal was made to the Ways and Means Committee for treatment of these particular forms of sodium at a rate of 1 per cent per pound; and while the Ways and Means Committee did make increase in paragraph 83 in other items, the sodium sulfite and bisulfite items were not increased.

It is respectfully urged that such increase is fully warranted by the existing trend of trade in these articles by their relationship to the chemical industry within the United States and by the increasing importance of these items in new applications fully warranted the further protection of the domestic industry against increasing importation and constantly lowering prices, both of which are working to the injury of the domestic operation.

The figures show that after very large importations in 1922 and 1923 importations fell off on sodium sulfite anhydrous to 418,779 pounds in 1925, but importation then steadily increased until in this item during 1927 and 1928 it approximated 1,000,000 pounds per annum; and with respect to sodium bisulfite anhydrous the importation increased from 122,843 pounds in 1924 to 1,803,401 pounds in 1928.

It may be stated that the increasing importation in recent years has now reached a point where 10 per cent of sodium of this character is imported; and such increase of importation has been accompanied by a steady decline in price to a point where in 1929 sodium sulfite crystals were selling at less than 2 cents per pound, and sodium bisulfite anhydrous was selling for less than 4 cents per pound. These prices are threatened with further declines as foreign competition under the present rate of duty becomes more persistent.

The production of these sodium articles is intimately related with the vastly important production of phenol within the United States, being a practically coordinated operation of manufacture. The prices on phenol have under competitive conditions within the United States reached a low figure which has encouraged many other industries in the development of products in which phenol is a necessary material. The abandonment of sodium sulfite production or its considerable impairment by foreign competition will result either in the reduction or the abandonment of sulfite recovery where coordinated with phenol production and to this extent will necessitate an increased cost burden on consumers of phenol.

The natural consequence of this situation is that the American producers are not only losing both on reduced price current and volume with respect to domestic sulfites, but other chemical operation is so affected as to be injurious to American consumers in other lines.

The effect of the increase of the rate from the present three-eighths of a cent per pound to 1 cent per pound will be of no ill effect upon domestic consumers of sulfites, because these sulfites are employed in such quantities as chemical materials as to be of low ratio to finished products in the industries where employed; whereas the reduced prices to the American producers in the absence of the additional protection dislocates those chemical operations in which the sodium sulfites are necessarily a coordinated part.

It is respectfully urged that the request for increase of duty on these two items amongst the sodium products appearing in paragraph 83 be granted.

Respectfully,

THE MONSANTO CHEMICAL WORKS,
JOHN W. BOYER, *Vice President.*

COAL-TAR PRODUCTS

[Par. 27 and 28]

TESTIMONY OF C. D. BATSON, REPRESENTING THE REPUBLIC CREOSOTING CO., INDIANAPOLIS, IND.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. BATSON. I have a brief here. Do you wish me to read the brief?

Senator REED. Have you copies of the brief which you can leave with us?

Mr. BATSON. I have one copy of the brief, and I have five copies of the different points that cover this matter.

Senator EDGE. If you will give the brief to the reporter and one copy of the points that cover the matter, they will be placed in the record.

Senator REED. What paragraph are you concerned with?

Mr. BATSON. This comes under H. R. 2667, and by adding under section (a) a new subdivision numbered (6), and paragraph 1650 of H. R. 2667 also.

(The brief and data presented by Mr. Batson are as follows:)

BRIEF OF THE REPUBLIC CREOSOTING CO., INDIANAPOLIS, IND.

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.:

The Republic Creosoting Co. herewith petitions for protection of the creosote oil industry in the United States. We recommend the amendment of para-

graph 27 of H. R. 2667, introduced into the United States Senate May 16 (calendar day, May 29), 1929, by adding under section (a) the following new subdivision numbered (6) :

"(6) Dead oil, creosote oil, anthracene oil, crude anthracene containing more than 15 per centum, and all distillates of coal tar (including vertical retort tar and low temperature tar), water-gas tar, oil-gas tar, and blast-furnace tar, all distillates of mixtures of any of these tars, all mixtures of any of the foregoing oils or distillates, all mixtures, including solutions, consisting in whole or in part of any of the foregoing tars or pitches produced therefrom, or both, and any of the foregoing oils or distillates, and all similar products, by whatever name known, which are obtained, derived, or manufactured in whole or in part from any of the foregoing oils, distillates, or mixtures, including solutions, excepting sheep dip and medicinal soaps, and excepting products otherwise specifically made subject to duty in this paragraph (27), and excepting products not specifically made subject to duty in this paragraph (27) which, on being subjected to distillation by the standard laboratory method for distillation of creosote oil, as specified by the American Wood Preservers' Association in its revision of January, 1929, yield below two hundred degrees centigrade a quantity of oil more than 65 per centum of the original quantity, 3 cents per American gallon and 20 per centum of the American selling price of such articles as defined in subdivision (f), section 402, of Title IV of this act, excepting that said duty shall not apply to acenaphthene, anthracene having a purity of less than 30 per centum and more than 15 per centum, carbazole having a purity of less than 65 per centum, fluorene, methylantracene, methylnaphthalene, naphthalene which after the removal of all the water present has a solidifying point less than seventy-nine degrees centigrade and more than fifty degrees centigrade, and tar distillates containing more than 30 per centum of tar acids by volume, or products obtained, derived, or manufactured therefrom."

Also the amendment of paragraph 1650 of the said H. R. 2667, as follows:

"*Par. 1650. Coal-tar products.*—Acenaphthene, anthracene having a purity of less than 30 per centum and more than 15 per centum, benzene, carbazole having a purity of less than 65 per centum, cumene, cymene, fluorene, methylantracene, methylnaphthalene, naphthalene which after the removal of all the water present has a solidifying point less than seventy-nine degrees centigrade and more than fifty degrees centigrade, pyridine, toluene, xylene, pitch of coal tar, pitch of blast-furnace tar, pitch of oil-gas tar, pitch of water-gas tar, crude coal tar, crude blast-furnace tar, crude oil-gas tar, crude water-gas tar, all other distillates of any of these tars which on being subjected to distillation yield in the portion distilling below one hundred and ninety degrees centigrade a quantity of tar acids less than 5 per centum of the original distillate, all mixtures of any of these distillates and any of the foregoing pitches, and all other materials or products that are found naturally in coal tar, whether produced or obtained from coal tar or other source, and not specially provided for in paragraph 27 or 28 of Title I of this act."

Creosote oil is a wood preservative obtained by distillation of coal tar. The steel industry and gas makers supply the raw material, tar. The distiller (in some cases the tar producer himself) extracts the creosote oil and sells this material to the creosoter, who treats the railroad ties and telegraph poles of the country. This accounts for the sources of the material we are dealing with and the principal uses for it.

Exhibit A (attached) pictures the United States situation (1915-1927, inclusive) on tar and creosote oil.

While it is true that the American tar distilling industry has not in the past supplied full requirements of creosote for United States consumption, it is nevertheless a fact that the raw material, tar, has been and is now produced here in sufficient quantities to amply supply the demand, including anticipated expansion.

In support of the statement that potentially this country is self-sufficient in raw material, the present rate of production of tar, namely, 600,000,000 gallons per annum, can satisfactorily yield under normal methods of distillation in the plant capacity now available an average of 50 per cent creosote oil, or greatly in excess of the present consumption demand of 200,000,000 gallons; also providing other necessary chemicals, road material, and products now manufactured. New productions of tar will become available during the next few years, thus increasing the raw material supply. Distillation capacity is also increasing, assuring the necessary material for expansion in the creosote-oil market.

It should be noted that new methods of distillation have increased the yield of creosote; this progress will further assist in meeting the demand.

It is pointed out that a large part of foreign creosote has no local market, necessitating export at any price or, in the alternative, disposal of the creosote or tar as fuel. The principal product of distillation abroad is briquette pitch, which has brought a high return; the recent depression and instability of this market will give a still lower value to tar than now exists.

It is submitted that it is uneconomical to burn tar, as has been the practice with some producers, when, by progressive methods of distillation now in use, many valuable and important chemicals in addition to creosote oil are manufactured which are basic raw materials in other industries, including disinfectants, dyes, and explosives. The proposed duty will allow domestic manufacturers of creosote to make the desired progress without detriment to the consumer.

The American creosote industry should have a stable and assured source of supply; domestic producers of creosote are now prepared to accomplish this result. With the raw material at hand, it is merely a question of distilling sufficient quantities to satisfy the demand.

There is to-day sufficient capacity at distillation plants in this country to produce the necessary material and at the same time provide various tar products needed in other industries, including chemicals and road material.

The tariff herein requested should not prove a burden upon the consumer, for there are several large independent creosote producers and many steel makers distilling tar themselves. This strong domestic competition would assure without question a reasonable price. Further, as the market price of 6 cents or 7 cents per gallon now prevails abroad, as compared with 14 cents per gallon in this country, the duty proposed should not prevent oil being imported. The great difference between prices here and abroad is due to the respective values of the raw material.

Respectfully submitted.

REPUBLIC CREOSOTING Co.,
By CHAS. D. BATSON.

EXHIBIT A

United States production and utilization of coal tar—United States production and consumption of creosote oil

(U. S. gallons)

Year	Coal tar			Creosote oil		
	Production ¹	Sold for distillation ¹	Burned ¹	Consumption ²	Imports ³	Domestic production ⁴
1915.....	186,277,793	186,277,793	(0)	80,859,442	37,501,007	43,358,435
1916.....	236,096,827	236,096,827	(0)	90,404,749	43,649,931	46,754,818
1917.....	275,317,677	275,317,677	(0)	75,541,737	18,258,141	57,283,606
1918.....	315,944,296	247,960,841	63,066,468	52,776,366	2,165,736	50,610,630
1919.....	342,048,160	267,015,009	71,194,582	62,073,486	6,493,974	55,579,512
1920.....	411,929,060	220,967,829	186,360,428	02,980,524	9,575,680	53,464,844
1921.....	309,051,649	187,289,354	117,758,602	70,985,853	28,242,307	42,743,546
1922.....	375,861,982	209,470,491	165,576,317	82,664,640	35,462,238	47,202,402
1923.....	483,407,109	259,579,081	229,167,640	123,087,638	62,367,237	60,720,341
1924.....	475,074,326	255,479,999	212,094,327	150,811,771	77,601,533	73,210,238
1925.....	534,848,514	289,336,965	240,687,825	163,245,770	89,389,985	73,853,783
1926.....	583,496,374	326,248,522	252,237,852	182,581,390	95,443,114	87,138,276
1927.....	599,052,000	361,723,000	232,392,000	* 216,169,000	91,061,000	* 125,108,000

¹ 1915, from Coke and By-products in 1922, No. II: 34 (Table 60, p. 763), issued by U. S. Geological Survey, Department of the Interior. 1916 and 1917, Coke oven tar figures from Coke and By-products in 1916 and 1917, issued by U. S. Geological Survey, Department of the Interior, pp. 1200 and 1201. Gas-house coal-tar figures estimated.

² Difference between total quantities coal tar produced and quantities sold for distillation.

³ Includes distillate coal-tar creosote and creosote coal-tar solution (but no refined water-gas tar solution, petroleum or paving oil), from Quantity of Wood Treated and Preservatives Used in the United States in 1927, p. 9, issued by Forest Service, U. S. Department of Agriculture.

⁴ Consumption of domestic creosote oil (difference between total consumption and imports), assumed to reflect equivalent domestic production.

⁵ None reported.

⁶ Present capacity of United States distillation plants for production of creosote oil is in excess of 220,000,000 gallons.

(Exhibit A is as follows:)

It is necessary that creosote oil be placed on the dutiable list.

Because this market has been in the hands of European producers uninterruptedly for more than 50 years, during which time and until recently its production in the United States was not of sufficient volume to supply the domestic demand. But to-day, because of the advance in the art and of the investment in by-product coke ovens, especially during the last 10 years, the quantity of tar, the source of creosote oil, is now being produced in such abundance we can fully supply the domestic demand. But the advantage still lies with the foreign producers as their costs of material and labor and transportation (including bringing the oil from Europe to the United States) are less than obtain in this country and, therefore, the market, notwithstanding our increased and plentiful production in this country, still remains with the European producers. This is partly due to the fact that the creosoting companies consuming the largest quantity of creosote oil are located on the Atlantic, Gulf, and Pacific coasts.

Much of the tar which could be distilled in this country is now, and shall continue to be, unless your committee grants relief, *used as fuel and all the valuable products* which are basic in chemical and other industries are sent up in smoke, giving up only their heat energy, just as if they were coal, before reaching the end of the smoke stack.

Much of the creosote oil recently produced in this country is now in storage and can not be sold, yet foreign producers are continually shipping their product into the country.

The free entry of this product so paralyzes the coal-tar industry that it prohibits its growth.

If everything were equal—that is, if our coal costs, our transportation costs, and our labor costs were the same in this country as in Europe—we could, of course, protect ourselves against foreign competition. But we can not meet the foreign competition because of the cost in this country of the three items mentioned.

The protection asked for creosote oil, if granted, extends much beyond this one commodity. It involves the future of the coal-tar industry, for unless the domestic producers of creosote oil in this country are placed at least on a parity with foreign producers they necessarily can not produce the other coal-tar products which are so valuable in practically every art and industry in the United States, and will leave this country for these other products still dependent upon Europe for its supply. If the present condition maintains it will be said of us, if an emergency arises, that we are terribly crude and very backward as compared to the European countries in the science of chemistry, and particularly of coal-tar distillation. We are not lacking in knowledge of the production of these products, but it is a physical and economic impossibility for us to establish and continue such an industry in this country so long as the economic, not technical, advantage remains out of our own hands and with European producers. No one asks that the coal miner in this country be paid less or that the coal operator be paid less, or that the railroad be paid less for the transportation of the materials involved; but it is either that a reduction in these three commodities be made, or that we be given protection by a tax on the importation of creosote oil or that our coal-tar industry be inefficient and incomplete.

The duty we have asked to be assessed on this commodity will not increase the cost of creosote oil from abroad above that at which it is now being sold. The Europeans are shrewd traders and know that they can always obtain a price for creosote oil slightly under that at which the American producer must sell his product, and these Europeans take advantage of the market by selling as their product at an enormous profit and yet keep within the selling price of the American producer. To their costs can be added the present tariff request, namely, 8 cents per gallon and 20 per cent ad valorem of the selling price in this country and continue to sell profitably at their present price in this country. But the tax they would have to pay would bring them in the condition that they could not slash the selling price of domestic producers and, at will, take the market from the American producers. If the tax requested on creosote oil is granted it can not be said to be a tax that shall be paid by the consumer, for it is certainly a tax that shall be paid by the foreign producer, and yet would not prevent him from coming into our market at a profit at the normal price being charged for the commodity by the American producers.

Senator REED. What are the chemicals with which you are concerned, Mr. Batson?

Mr. BATSON. We are concerned with creosote oil.

Senator REED. Is that on the free list at present?

Mr. BATSON. Yes, sir.

Senator REED. And you want it made dutiable?

Mr. BATSON. Yes, sir.

Senator REED. Are the importations considerable at the present time?

Mr. BATSON. Heavy; yes, sir.

Senator REED. How far inland do they get?

Mr. BATSON. The oil is landed at the seaport and is freighted from the southern ports to a number of the eastern consuming points.

Senator REED. How far inland?

Mr. BATSON. I would say to the middle Mississippi Valley.

Senator REED. Do they get as far as Indianapolis?

Mr. BATSON. No, sir; no foreign oil gets into Indianapolis. We manufacture oil at Indianapolis.

Senator REED. Does it affect the price there?

Mr. BATSON. Well, it affects the price all over the country, because all the materials that go to make up the resultant creosote oil are very low abroad, and result in a very low price at the seaport. So much so that it is of grave danger to the coal-tar industry, and particularly to creosote oil at the present time.

Senator REED. You have set this all out in your brief?

Mr. BATSON. Yes.

Senator EDGE. Did you appear before the Ways and Means Committee?

Mr. BATSON. No, sir.

Senator EDGE. You did not make any application at all before that committee?

Mr. BATSON. Well, there was a provision made earlier in the year to, but that did not meet with approval, and our company thinks there is a grave danger in this.

Senator REED. Somebody else appeared to make the same request?

Mr. BATSON. Yes.

Senator REED. But you did not?

Mr. BATSON. No.

Senator EDGE. But a request was made?

Mr. BATSON. Yes.

Senator EDGE. Thank you.

Mr. Chairman, you are through with your schedule, are you?

Senator SMOOT. Yes.

STATEMENT OF E. R. PICKRELL, NEW YORK CITY, REPRESENTING THE GENERAL DYESTUFF CORPORATION

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. Mr. Pickrell, you were before the House committee?

Mr. PICKRELL. I was, Mr. Chairman.

The CHAIRMAN. You may have five minutes, Mr. Pickrell.

Mr. PICKRELL. I represent the General Dyestuff Corporation of New York City, dealers in dyestuffs, sole selling representatives of the General Aniline Works (Inc.), formerly the Grasselli Dyestuff Corporation, with factories located at Rensselaer, N. Y., and Grasselli, N. J., and of the Consolidated Color & Chemical Corporation with factory at Newark, N. J., and importers of dyestuffs from Germany.

For over six years I was chief chemist of the United States Customs Laboratory, Port of New York, during which time I rendered assistance to the Ways and Means Committee and the Senate Finance Committee in the drafting of the dyestuffs provisions of the general revenue act of 1916. I believe that I therefore speak from some experience in the administration of tariff laws.

We have made an analysis of 891 of the 10,000 and more dyestuffs customs entries made by the General Dyestuff Corporation and one of its predecessors under paragraphs 27 and 28 during the present tariff act. From this analysis approximately 5 months lapse from the date of entry to the date of amendment of the entry, and approximately 10 months elapse from the date of entry to the date of appraisal by the customs officials. This analysis shows that reappraisements have been filed with the United States Customs Court on upward of 90 per cent of the entries of dyestuffs under paragraphs 27 and 28 of the present tariff act.

Owing to the American valuation provision in paragraphs 27 and 28, it is necessary for an importer to recall his entry, to confer with the customs officials, and to make investigations in the trade before making amended entry. This is necessary because it is impossible to ascertain at the time of entry whether or not all dyestuffs covered by the entry are competitive or noncompetitive, and the selling prices in this country of the competitive colors.

From this analysis it is apparent that it requires approximately five months in order to ascertain this information. During this time the importer either keeps the dyestuffs in a bonded warehouse, or sells them at prices predicated upon contemplated duties which are not definitely determined until after the appraisal has been made, which is some 10 months after the date of entry.

This is an inherent difficulty, due to American valuation as incorporated in paragraphs 27 and 28. It is no reflection upon the administration of American valuation as embodied in paragraphs 27 and 28 by the appraisers of the United States Customs Service. These officials have administered these unusual provisions as effectively and as efficiently as it is possible for any Government officials to do. Credit is due them for their impartial and diligent efforts to administer these impracticable valuation provisions.

I wish to incorporate in a brief which I should like to file at a later date the list of these dyestuffs entries from which this analysis was made. This list tells the story of the impracticability of American valuations as applied to dyestuffs in paragraphs 27 and 28.

Senator REED. What do you suggest—specifics?

Mr. PICKRELL. No; I would suggest compound rates of duty, the ad valorem of which would be based on foreign value or United States value, different than is in the present tariff law.

The CHAIRMAN. The same as we had before the war?

Mr. PICKRELL. Certainly; the same as you have on all other commodities in the tariff act.

It is self-evident, when it is necessary to recall all entries of a line of commodities, when it takes 5 months after date of entry to make final payment of duty, when it takes 10 months from the date of entry before the entries are appraised, and when reappraisements are filed on over 90 per cent of the entries, that such valuation provisions are impracticable. The only possible purpose of such valuation provisions is to effect an embargo. Undoubtedly this was not the intent of the Congress, because the embargo provisions of the Fordney-McCumber bill were rejected by Congress in 1922.

According to statistics compiled and published by the United States Tariff Commission the domestic production of coal-tar dyes in 1928 was 96,600,000 pounds, valued at \$39,790,000. The importations for the calendar year 1928 of dyes were 6,080,256 pounds, valued at \$6,707,785. The exports from the United States of dyes during 1928 were 32,323,064 pounds, valued at \$6,531,719.

Senator KING. Do you mean to say that we exported nearly a third of our product?

Mr. PICKRELL. By poundage.

The imports of dyes represent 6.3 per cent by poundage and 16.8 per cent by value of the domestic production, while the exports in 1928 represent 33 per cent by poundage and 16.6 per cent by value of domestic production.

Upon an analysis of the imports by the General Dyestuff Corporation, 75 per cent of the importations are noncompetitive; that is, they do not compete with dyes of domestic manufacture. Therefore, only 25 per cent of the importations are competitive; that is, 1.6 per cent by poundage and 4.2 per cent by value of domestic production. It is therefore evident that the domestic dyestuff industry supplies 97.8 per cent by poundage and 92.8 per cent by value of the domestic consumption of dyes of the class and kind which are manufactured in the United States.

The export of dyes from the United States has increased from 8,352,437 pounds valued at \$4,001,145, in 1922 to 32,323,064 pounds, valued at \$6,531,719, in 1928. In other words, during the life of the present tariff act the export of dyes from the United States has increased 300 per cent by poundage and 60 per cent by value.

Domestic dyestuff manufacturers are selling dyestuffs in Canada, Central and South America, China, Japan, India, Belgium, Finland, and even in Germany. Domestic dyestuff manufacturers sell dyestuffs cheaper for export than for home consumption. The following are the selling prices in Canada and in the United States as of March 28, 1929, of several dyestuffs of domestic manufacture:

Dyestuff	Canadian selling price, per pound	United States selling price, per pound
Indigo.....	\$0.10 $\frac{1}{2}$	\$0.15
Sulphur black, ordinary types.....	.11 $\frac{1}{2}$	.13 $\frac{1}{2}$
Sulphur black, concentrated types.....	.17	.22
Buffalo black NBR.....	.31	.38
Eric black GXOO.....	.19	.25
Bismarck brown.....	.42	.44
Methylene blue.....	.48	.95
Methyl violet.....	.48	.85
Alizarin blue black B.....	1.00	1.60
Alizarin brilliant green.....	.95	2.75
Alizarin saphirole.....	1.55	2.15
Fast light yellow 3G.....	.90	1.25

According to the Conference Board Bulletin, issue of December 15, 1928, published by the National Industrial Conference Board after analysis of statistics of income from compilations of the Bureau of Internal Revenue, it is stated that during 1926 the manufacturers of chemicals show the highest percentage of net profits to sales. This percentage is 11.24 as compared with 1.31, the lowest, for the textile manufacturers. The following is an excerpt from this bulletin:

The chemical group has steadily improved in its per cent of profit to sales, and, according to the data, it heads the list.

In November, 1928, one of the largest domestic dyestuff manufacturers published and distributed a circular. The following are some of the statements contained in this circular:

Sales organization: Direct representations in Montreal, Canada; Bombay, India; Shanghai, China; Ozaka, Japan; Buenos Aires, Argentine, and a branch office in Mexico City, Mexico.

German competition since the war has not been seriously felt in this industry by reason of the protective tariff. * * * The chemical division has shown consistent growth in sales and earnings since 1924. It is largely confined to the highest grades of products, requiring extreme technical and manufacturing skill, and because of quality it has been able to market its product successfully against the strongest American and foreign competition. The management is confident that this division can look forward to constant and satisfactory growth.

We believe if ever there was a necessity for the application of American valuation on dyestuffs, that necessity no longer exists. We further believe there are no logical reasons for according the dyestuff industry a kind of protection different than is granted other industries.

Paragraph 28 provides for an unusual and oftentimes exceedingly high protection in the way of multiple specific duties. It is often stated that the rate of duty on dyestuffs is 45 per cent on American valuation and 7 cents per pound. The specific duty is 7 cents per pound or a multiple of 7 cents per pound. The specific duty is based upon the relationship in concentration of the imported dye with the lowest commercial strength in which the same dye was sold in the market of the United States on or prior to July 1, 1914. In other words, if the lowest commercial strength of a dye prior to July 1, 1914, was 10 per cent, and the imported color had a strength of 20 per cent, the specific duty would not be 7 cents, but two times

7 cents, or 14 cents. This is hidden protection effecting multiple specific duties. It has oftentimes happened that the specific duties alone under the multiple specific duty system amount to from \$0.35 to \$0.84 per pound.

We believe, inasmuch as the protection of 45 per cent ad valorem and 7 cents per pound is sufficient, that the multiple specific duty system should be eliminated.

In H. R. 2667 the Ways and Means Committee has eliminated from paragraphs 27 and 28 the provision stipulating that the duties imposed under paragraphs 27 and 28 shall not be increased under the provisions of section 315. If this committee eliminates American valuation in paragraphs 27 and 28, the deletion of this provision in paragraphs 27 and 28 is justified. However, if this committee retains the American valuation under paragraphs 27 and 28, we do not believe that there is any necessity for the deletion of this provision exempting these products from the flexible tariff provisions.

I respectfully ask the privilege of filing a brief, together with a list of the entries from which the previously mentioned analysis was made.

I should like to speak briefly on the multiple specific duty provisions in paragraphs 27 and 28. They were not touched upon in the House.

Senator KING. What is the multiple specific duty?

Mr. PICKRELL. Paragraph 28 provides that dyes shall pay a specific duty based upon the relation in strength of the imported dye with the lowest commercial strength of that same dye which was sold in the United States market prior to July 1, 1914. For example, if the imported dye has a strength of 20 per cent, and the lowest strength of that dye that was sold in the United States prior to July 1, 1914, was 10 per cent, the specific duty would not be 7 cents, but two times seven, or 14 cents. In application, many instances specific duties run from 35 to 84 cents per pound. In other words, there is a protection there that is not reflected when you say the duty is 45 per cent ad valorem and 7 cents per pound.

Senator KING. What recommendation do you make?

Mr. PICKRELL. To make it 45 and 7; just eliminate this multiple specific-duty system.

Senator KING. I understand that you desire to file a brief later?

Mr. PICKRELL. Yes, sir.

BRIEF OF THE BAKELITE CORPORATION

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.:

The Bakelite Corporation, a corporation organized and existing under the laws of the State of Delaware, having its principal office and place of business in the city and State of New York, desires to submit to your committee the following amendment to paragraph 27 of Schedule 1.

On page 9, line 10, after the word "chlorobenzene," insert the word "chloronaphthalene."

The bill as drawn provides for chlorobenzene (line 10); it also provides for dinitrobenzene (line 14), nitrobenzene, (line 19); it provides, further, for dinitronaphthalene (line 15) and nitronaphthalene (lines 19-20). Thus it will be seen that the nitronaphthalene and dinitronaphthalene are provided for, but chloronaphthalene is not provided for, although the three combinations of benzene-chloro-dinitro—and nitro—are provided for.

That at the time of the passage of the act of 1922, chlorobenzene was an article of commerce to a large extent, but chloronaphthalene was not. Since that time, however, chloronaphthalene has become a commercial article and approximately 6,000,000 pounds thereof are manufactured and sold in the United States.

It is probable that the failure to mention chloronaphthalene in the 1922 act was due to the fact that at that time this commodity was no known commercially in the United States.

It is believed that the addition of the word "chloronaphthalene" as above suggested is thoroughly in accord with the intention of Congress to cover all such coal-tar products, and its omission, in view of the fact that the similar combinations of benzene are each identified and mentioned, might result in the exclusion of chloronaphthalene from this paragraph.

Respectfully submitted.

BAKELITE CORPORATION,
By L. N. Rossi, *Vice President.*

BRIEF OF THE SYNTHETIC ORGANIC CHEMICAL MANUFACTURERS ASSOCIATION

The Hon. REED SMOOR,
*Chairman Finance Committee,
United States Senate:*

We are aware of your wish that there be avoidance of repetition as far as possible in the giving of evidence before your committee.

Hence we wish to make only a very brief statement at this time, more especially as we have submitted a pretty complete statement before the Ways and Means Committee of the House of Representatives, which statement is naturally available to you.

You gave us the law of 1922 with its provisions for fostering an important new industry necessary to the United States. The House of Representatives in the bill just passed by them has agreed with the wisdom of this protection, and we pray that you will make no change in its provisions as regards paragraphs 27 and 28, which, as you know, cover our particular industry.

We are ready and willing at any time to submit to any questioning by you or to amplify our previous statements or to give you the supporting facts.

We do make one specific request, which is that if you contemplate any changes whatever in these paragraphs 27 or 28 or the basis of value affecting them we be given opportunity to be heard in connection with the proposed changes.

For the Synthetic Organic Chemical Manufacturers Association:

E. H. KILLHEFFER,
Chairman Tariff Committee.

List of officers and board of governors of the Synthetic Organic Chemical Manufacturers Association of the United States:

President, Mr. August Merz; treasurer, Mr. A. J. Farmer; secretary, Mr. C. A. Mace.

Dyes section: Dr. E. H. Killheffer, vice president; Mr. E. A. Barnett; Mr. R. W. Cornelison; Mr. A. J. Farmer; Mr. August Merz.

Crudes and intermediates section: Mr. W. F. Harrington, vice president; Mr. E. H. Klipstein; Col. W. S. Weeks; Mr. S. W. Wilder.

Fine organic and medicinal chemicals section: Mr. R. E. Dorland, vice president; Mr. John W. Boyer; Dr. A. S. Burdick.

Special chemicals section: Mr. A. Cressy Morrison, vice president; Mr. Glenn Haskell; Mr. F. G. Zinsser.

List of Members of the Synthetic Organic Chemical Manufacturers Association of the United States

Abbott Laboratories, North Chicago, Ill., medicinals; Arnold Hoffman & Co., Providence, R. I., dyestuffs; Bakelite Corporation, New York, N. Y., synthetic resins; Bayer Co., Inc., New York, N. Y., medicinals; Beaver Chemical Corporation, Damascus, Va., dyestuffs; Burton T. Bush (Inc.), New York, N. Y., synthetic aromatic chemicals, perfume, and flavoring materials; Calco Chemical

Co., Bound Brook, N. J., dyestuffs, intermediates, and pharmaceuticals; John Campbell & Co., New York, N. Y., dyestuffs; Carbide & Carbon Chemicals Corporation, New York, N. Y., solvents and aliphatic chemicals; Carus Chemical Co., LaSalle, Ill., benzoic acid; Colgate & Co., Jersey City, N. J., soaps, perfumes, etc.; Commercial Solvents Corporation, New York, N. Y., solvents; Corn Products Refining Co., New York, N. Y., starches, etc.; Dow Chemical Co., Midland, Mich., coal-tar chemicals, dyes, pharmaceuticals; E. I. duPont de Nemours & Co., Wilmington, Del., dyestuffs, intermediates; Dye Products & Chemical Co., New York, N. Y., dyestuffs; Eastman Kodak Co., Rochester, N. Y., fine organic chemicals, photographic chemicals; Elko Chemical Co., Nitro, W. Va., coal-tar chemical products; Franco-American Chemical Works, Carlstadt, N. J., essences and pharmaceutical chemicals; Gaskill Chemical Co., Newark, N. J., fur dyes; Gilbert Laboratories, Morristown, N. J., pharmaceuticals; Heller & Mers Co., Newark, N. J., dyestuffs; Hooker Electrochemical Co., Niagara Falls, N. Y., organic chemicals, benzoic acids, etc.; Industrial Dyestuff Co., Providence, R. I., dyestuffs; Charles Eneu Johnson & Co., Philadelphia, Pa., dyes and lakes; Kessler Chemical Co., Orange, N. J., solvents; E. C. Klipstein & Sons Co., Newark, N. J., dyestuffs, intermediates; Mathieson Alkali Works, New York, N. Y., synthetic organic chemicals, flavoring materials; May Chemical Co. (Inc.), Newark, N. J., color lakes and bases; Merck & Co., New York, N. Y., pharmaceuticals; Merrimac Chemical Co., Boston, Mass., solvents, intermediates; Crown Chemical Co., New York, N. Y., intermediates; Monsanto Chemical Works, St. Louis, Mo., medicinals, synthetic flavors, fine chemicals; Newport Chemical Works, (Inc.), Passiac, N. J., dyestuffs, solvents, intermediates; Noll Chemical & Color Works, New York, N. Y., dyestuffs; Passiac, Color Corporation, Passiac, N. J., dyestuffs; Peerless Color Co., Plainfield, N. J., dyestuffs; Pennsylvania Coal Products Co., Petrolia, Pa., coal-tar chemicals and intermediates; Pharma-Chemical Corporation, New York, N. Y., dyestuffs; Rhodia Chemical Co., New York, N. Y., photographic chemicals, perfumes and flavoring materials, pharmaceuticals, fine chemicals; Roessler & Hasslacher Chemical Co., New York, N. Y., fine organic chemicals; Harold L. Simons (Inc.), Long Island City, N. Y., medicinals and perfume materials; Selden Co., Pittsburgh, Pa., intermediates; Standard Ultramarine Co., Huntington, W. Va., dyestuffs; United States Industrial Chemical Co., New York, N. Y., solvents; A. L. Van Ameringen, New York, N. Y., synthetic aromatic chemicals and perfume materials; Van Schaack Bros. Chemical Co., Chicago, Ill., solvents; Victor Chemical Works, Chicago, Ill., oxalic acid, formic acids; Zinsser & Co. (Inc.), Hastings on Hudson, N. Y., photographic chemicals, dyestuffs, color lakes.

SUPPLEMENTAL BRIEF OF THE SYNTHETIC ORGANIC CHEMICAL MANUFACTURERS ASSOCIATION

HON. REED SMOOT,

*Chairman Committee on Finance,
United States Senate, Washington, D. C.*

DEAR SIR: We do not think it amiss to point out that Mr. Pickrell is speaking for the great German I. G. and their controlled American plants. The statement was made that American valuation as applied to paragraphs 27 and 28 is an impracticable valuation system. Competent witnesses in the persons of E. W. Camp, former commissioner of customs, and F. J. H. Kracke, appraiser of the port of New York, have stated quite the contrary. The further statement is made that the purpose of such valuation provision is to effect an embargo. This statement is certainly without any foundation in fact, as the record of imports will show two years after the passage of the present act the ad valorem rates as applying to these two paragraphs were lowered, and the succeeding year showed an increased in the imports of 72 per cent in pounds and 59 per cent in value. (Please see detailed statement on this point, vol. 16, p. 10265, hearings before the Committee on Ways and Means.) Tariff Commission figures are now available for the first four months of 1929, and these figures show that there is a further increase in imports of 20 per cent over the figures for the same period in 1928.

Following the war every industrial nation, recognizing that the dye and coal-tar chemical industry was pivotal in its nature, adopted amply protective measures so as to foster and encourage the development of this essential branch of chemical manufacture. These measures included subsidy, embargo, and high

tariff. In the United States the American valuation plan was adopted under the act of 1922, and has been in effect six and one-half years. During this period the domestic industry has made highly creditable progress in both variety and quantity of dye produced, with prices continually declining. In 1928 there were 47 firms producing dyes and more than double this number manufacturing a variety of coal-tar chemicals other than dyes. Competition has been especially severe among the domestic producers of this industry.

Opposition to American valuation by the importers is obviously due to their desire to have the lowest possible basis for the assessment of duty on their imports and to prevent the expansion of the industry in this country. Their policy is in direct contrast to that of the Congress, whose intent has been to afford ample protection to the essential industries.

A review of the administration of American valuation under the act of 1922 shows that but a short time was necessary to perfect an organization in the Division of Customs capable of efficiently handling this provision, and that the administration of American valuation on coal-tar chemicals has proven not only feasible but highly satisfactory.

American valuation gives the necessary degree of protection with much lower ad valorem rates than would be required if the duty were based on foreign value. If in 1922 the same necessary degree of protection had been attempted on the foreign valuation basis, there would have been many administrative advantages absent and the rates would have been undesirably high. American valuation also automatically decreases the amount of duty to be paid as the domestic industry develops and reduces domestic selling prices. This is a most desirable condition.

Under American valuation imports of dyes have constantly increased, especially since September 22, 1924, when the ad valorem rates were automatically reduced from 60 per cent and 55 per cent to 45 per cent and 40 per cent, respectively, on paragraphs 27 and 28. In fact, about 20 per cent of our consumption by value is now imported. It must also be remembered that even after a decade of notable development by far the greater proportion of the varieties consumed in this country are imported.

American valuation is of vital importance in the development of new products. This is of peculiar significance in the dye and coal-tar chemical industry, for new dyes are continually being introduced to meet the ever more exacting requirements of the consumer.

The outstanding tariff problem in the dye industry is to afford adequate protection for the fast or high-priced types because of the rapid world-wide trend toward these colors. The industry of the future will be largely concerned with this class of dyestuffs, in the development of which event to date it has a remarkable record of achievement.

Such progress clearly demonstrates the feasibility and desirability of American valuation on coal-tar chemicals.

Consumption of dyes by value (1927)

Value of domestic sales.....	\$33,523,795
Value of exports.....	5,495,322
	33,037,473
Value of imports.....	5,415,560
Duty paid.....	2,780,218
	8,195,778
Value of imports plus duty.....	8,195,778
Value of imports plus duty plus 15 per cent for profit.....	9,425,145

Percentage of consumption supplied by imports

With no allowance for profit	With 15 per cent allowance for profit
\$33,037,473	\$33,037,473
8,195,778	9,425,145
41,233,251	42,462,618
19.0 per cent.	22.2 per cent.

The statement has been made by the representative of the importing interests that if there was ever a necessity for the application of American valuation of dyestuffs, that necessity no longer exists. This claim is unsound when we consider the continually increasing volume and value of imports under the present American valuation system.

In reference to the large exports of American-made dyestuffs which have been referred to we want to point out that these exports are confined almost entirely to the very cheapest dyestuffs made and, further, that American manufacturers of these products are holding onto this export business even though the selling prices are disastrous, because they are trying to maintain their large-scale production. This policy on the part of the American manufacturer is the one thing that enables him to supply these same products to the American consumer at lower prices to-day than the consumer was able to purchase them before the war when there was no American production.

It is a fact that the selling prices on some of these dyestuffs in foreign countries are lower than they are in the United States, but it must be remembered that these prices are set by the German I. G. and in order for the American manufacturers to maintain their position as regards quantity production they must meet these disastrous prices as referred to above, or they will sacrifice their ability to continue the present low prices in the United States.

SO-CALLED MULTIPLE SPECIFIC DUTY

The present specific rate of duty is 7 cents per pound. Obviously, in the case of products like dyestuffs this specific rate must be based on some definite strength or concentration. Therefore, when the present law was passed it was based on the commercial strength in use by the textile and other consuming industries. Now, if this rate were not so based, it would be possible for the importers to in every case bring in the highest concentration possible and then reduce the color to the commercial strength after they had it through the customs: In this way they could actually avoid the payment of considerable duty and in effect make a very material reduction in the intended specific duty.

In other words, the bringing in of especially high concentration of dyestuffs would not be because the consuming trades use those concentrations, but would only be for the avoidance of specific duty. The statement of the representative of the importers was that 75 per cent of their imports were noncompetitive types and that only 25 per cent were competitive. This being the case, then we wish to point out that only 25 per cent of their importations are affected by the American selling-price provision under the present law and that 75 per cent of them now come in under the United States value which the witness advocates.

The statement has been made continually that it is difficult or impossible to ascertain the American selling price of various dyestuffs. This is direct misstatement of fact because the appraiser has this information at all times, and furthermore it is a part of the importer's regular daily business routine to know what the various selling prices are.

We have in our brief, page 68, volume 1, Hearings of the Ways and Means Committee, and supplemental brief, page 10265, volume 16, made a very complete statement.

E. H. KILLHEFFER,
Chairman of the Tariff Committee
(For the Synthetic Organic Chemical Mfg. Association).

CRESYLIC ACIDS OR TAR ACIDS

[Pars. 27 and 1650]

BRIEF OF THE INTERNATIONAL COMBUSTION TAR & CHEMICAL CORPORATION, NEW YORK CITY

COMMITTEE ON FINANCE,
United States Senate:

The International Combustion Tar & Chemical Corporation, a corporation of the State of Illinois, herewith petitions for protection of the cresylic acid industry of the United States by the amendment of paragraph 27, page 12, of H. R. 2667, introduced into the United States Senate May 16 (calendar day, May 29), 1929, to include high boiling cresylic acids or tar acids, and certain additional

products containing a minimum of 10 per cent of tar acids, and by the corresponding amendment of paragraph 1650 of the said H. R. 2667.

Under the Fordney-McCumber tariff and H. R. 2667 only low boiling cresylic acids or tar acids, those distilling 75 per cent or more below 215° C., receive protection. In this brief we bring to your attention the immediate necessity for protection for the higher boiling cresylic acids or tar acids as well. We point out:

1. In the manufacture of cresylic acid it is necessary to produce both the low boiling and high boiling types. Both are present in the original tar. There is no economical method of making one without the other.

2. The domestic consumption of the lower boiling acids is very rapidly increasing. These acids are used primarily in synthetic resins of the type of bakelite, durez, celeron, textolite, etc., for the manufacture of automobile parts, radio parts, electrical insulation, etc. The growth of this industry, still in its early stages, is too well known to require detailed comment.

3. For the higher boiling tar acids which must also be produced in greatly increased quantities, there is no corresponding increase in demand.

4. Large foreign offerings of high boiling cresylic acid, coincident with this enforced increase in domestic production, have depressed selling prices below the cost of production of American manufacturers.

5. The report of the United States Tariff Commission to the President dated June 10, 1927, shows the cost of production of cresylic acid in the United States to nearly twice that of foreign producers.

6. The capacity of plants now in operation in the United States is more than sufficient to take care of the present domestic consumption of high boiling cresylic acid. During the last two calendar years the imports of cresylic acid (practically all of the high boiling type) have been as follows:

	Pounds
1927 ¹ -----	9, 136, 516
1928 ² -----	11, 222, 907

This company owns cresylic acid plants located at Newark, N. J.; Chicago, Ill.; Fairmont, W. Va.; and Granite City, Ill., with a combined capacity of 14,000,000 pounds yearly, of which 9,000,000 pounds are of the high boiling types. Four other important American companies have entered into the production of cresylic acid on a large scale. New plants have been built within the last few years. Due to the low prices prevailing for high boiling cresylic acid, these companies are not at present extracting the total quantity of acids available.

7. New domestic plants in the course of construction will provide ample capacity for a possible increased demand for high boiling acid in the future. This company is now building at Coatesville, Pa., a plant capable of producing 7,000,000 pounds of high boiling tar acids annually.

8. Tariff protection for lower boiling tar acids has stimulated domestic production of such acids. In the face of a greatly increased demand from the resin industry, competition between domestic producers has resulted in this demand being taken care of at reasonable prices.

9. The coal tar industry must of necessity produce both low boiling and high boiling cresylic acid and both must be disposed of economically. Without tariff protection for high boiling cresylic acid, recent very heavy investments of this company and other domestic producers will be placed in jeopardy. Plants producing mainly high boiling tar acids must either cease operating or continue at a loss.

10. To prevent circumvention of the tariff through importations of mixtures of cresylic acid, from which the acid could be recovered upon arrival in this country, a duty is likewise necessary on such mixtures, commonly known as tar acid oils. A graduated duty based on the actual acid content of such oils is suggested.

CONCLUSION

By reason of the foregoing we recommend the amendment of paragraph 27, page 12 of H. R. 2667, introduced into the United States Senate May 16

¹United States Government census of dyes and other organic chemicals, Tariff Information series No. 37, pt. 7, Appendix, p. 179.

²United States Government, Department of Commerce, Compilation of Monthly Reports on Chemicals and Allied Products Entered for Consumption, 1928.

(calendar day May 29) 1929, by changing the present subdivisions (c) and (d) to (d) and (e), respectively, and adding a new subdivision (c) as follows:

"(c) All distillates of coal tar, blast-furnace tar, oil-gas tar and water-gas tar not otherwise specifically provided for in this paragraph (27), containing 10 per centum and not more than 25 per centum tar acids, $\frac{1}{2}$ cent per pound; all such distillates containing more than 25 per centum and not more than 70 per centum tar acids, $\frac{1}{2}$ cent per pound and 10 per centum ad valorem; all such distillates containing more than 70 per centum tar acids, $\frac{3}{4}$ cent per pound and 10 per centum ad valorem. The duties specified shall apply to all the foregoing products, by whatever name known, and to products obtained, derived or manufactured in whole or in part from said products, and shall apply to all mixtures including solutions consisting in whole or in part of the foregoing products, except sheep dips and medicinal soaps."

We also recommend the amendment of paragraph 1650 of the said H. R. 2867 to read as follows:

PAR. 1650. Coal-tar products, acenaphthene, entracene having a purity of less than 30 per centum, benzene, carbazole having a purity of less than 65 per centum, cumene, cymene, fluorene, methylanthracene, methylnaphthalene, naphthalene which after the removal of all the water present has a solidifying point less than seventy-nine degrees centigrade, pyridine, toluene, xylene, dead or creosote oil, anthracene oil, pitch of coal tar, pitch of blast-furnace tar, pitch of oil-gas tar, pitch of water-gas tar, crude coal tar, crude blast furnace tar, crude oil-gas tar, crude water-gas tar, all other distillates of any of these tars which contain less than 10 per centum of tar acids by volume, all mixtures of any of these distillates and any of the foregoing pitches, and all other materials or products that are found naturally in coal tar, whether produced or obtained from coal tar or other source, and not specially provided for in paragraph 27 or 28 of Title I of this act.

Respectfully submitted.

INTERNATIONAL COMBUSTION TAR & CHEMICAL CORPORATION.
By WALTER RUNGE, *Vice President, New York, N. Y.*

CELLULOSE ACETATE

[Par. 31]

STATEMENT OF MATTHEW O'BRIEN, WASHINGTON, D. C., REPRESENTING THE CELANESE CORPORATION, CUMBERLAND, MD.

(Mr. O'Brien was not sworn.)

The CHAIRMAN. You have five minutes.

Mr. O'BRIEN. I represent the Celanese Corporation of America, a manufacturer of cellulose acetate, whose principal product is cellulose acetate yarn and synthetic textiles. The plant of this corporation is at Cumberland, Md.

The paragraph in which we are interested is paragraph 31. I should like to say to the committee that I appear in place of Mr. John A. Larkin, vice president of the company, who attended the hearings Friday and Saturday, and intended to be here, but was unable to attend to-day because of other matters.

The CHAIRMAN. Do you want the rate that is provided for in the House bill?

Mr. O'BRIEN. If the Chairman please, we are satisfied with the rate in the House bill. I am making no recommendation whatever on rate. It is another matter with which we are concerned.

The sole change that we are asking of this committee is on page 17—

Senator KING. Do you want 80 per cent ad valorem?

Mr. O'BRIEN. In order to save time, as my time is limited, I do not desire to discuss rates at all, if I may. It is a question of nomenclature that interests us; and if the proper classification is made,

whatever rate this committee gives to the product is satisfactory. We are satisfied with the House rate.

Senator KING. Would you be satisfied with the free list?

Mr. O'BRIEN. No, Senator; but may I leave the question of rates on what has been said by the manufacturers of cellulose acetate?

Senator KING. I am not satisfied with their statements.

Mr. O'BRIEN. Possibly, Senator; but if I am going to get into the subject I desire to present to the committee—

Senator KING. Go ahead, then.

Mr. O'BRIEN (continuing). Which is classification, I do not want to discuss rates.

Senator KING. I shall ask you, however, to furnish a statement showing the stock of your corporation, its name, your dividends, your earnings, whether there is any watered stock, and everything of the kind. I should like a full and complete statement.

Mr. O'BRIEN. Yes; I have with me a balance sheet as of the end of last year, but I will submit any other information the Senator desires.

What we are asking the committee is, on page 17, in line 1, to strike out the word "rayon," and to insert in lieu thereof the word "yarn."

Senator BARKLEY. That is not the right page in this bill.

Mr. O'BRIEN. I had another print, then. The phrase is, "including cellulose acetate rayon waste."

The CHAIRMAN. It is on page 19, line 23. You want to strike out "rayon." In other words, where it says "in blocks, sheets, rods, tubes, powder, flakes, briquets, or other forms, whether or not colloided, and cellulose acetate rayon waste, and other cellulose acetate waste," you want to strike out "rayon"?

Mr. O'BRIEN. Yes. And insert the word "yarn."

If I may briefly state the reason for that, this company is at present the sole manufacturer of cellulose acetate yarn produced in this country. Of course, we are not the sole manufacturer of cellulose acetate but in using it in the textile industry the products are at present those of the Celanese Corporation of America.

That provision appears here as the result of a ruling made by the Bureau of Customs at the time the Ways and Means Committee was holding its hearings, which classified this product as artificial silk waste.

May I ask a brief extension of time? I have had to answer a number of questions.

The CHAIRMAN. If we give it to you, we will have to give it to everybody. Have you your statement in shape to present for printing?

Senator REED. The trouble is that we give him five minutes and then we use it up in asking him questions.

Mr. O'BRIEN. I am sorry; I have not my statement in shape to file at this moment.

The CHAIRMAN. We will give you two minutes now.

Mr. O'BRIEN. Briefly, to get down to the subject of rayon, the word "rayon" is generally understood to cover cellulose synthetic textiles which are manufactured by three processes; and if I may read two or three sentences from the Tariff Commission's report to the Ways and Means Committee, I think I can explain the whole thing.

Referring to the cellulose acetate process, they said:

The fourth and most recent development in the technology of artificial silk production is the cellulose acetate process, in which the chief chemicals used are acetic anhydride, acetic acid, and acetone. Although the chemicals employed in the nitrocellulose, cuprammonium, and viscose processes are different, the ultimate product manufactured by these three methods is essentially similar in chemical properties, being a hydrated form of cellulose—that is to say, the original cellulose modified into a different physical form by the cycle of chemical treatments to which it has been subjected. The acetate process, on the other hand, producing a finished product which is an ester, has chemical properties which distinguish it in a marked degree from the other cellulose yarn products.

I think, perhaps, I can illustrate in this way as briefly as any [indicating samples of fabrics]:

In piece dyeing you can dip in a product made of rayon, and celanese, or cellulose acetate, and that part [indicating] takes the dye as rayon. The other part [indicating] does not take it. Then you dye it over as cellulose acetate. In this piece of goods the tan part is rayon and the blue is cellulose acetate.

The CHAIRMAN. The same as we do with cotton and wool.

Mr. O'BRIEN. Cellulose acetate will not take the dyes used on cotton and rayon. Cellulose acetate is an electrical insulator. Rayon is not. Cellulose acetate can not be cleaned with chloroform, ether, or acetone, while rayon can. Therefore the electrical industry, the dyeing industry, and the cleaning industry must distinguish these different types of synthetic textiles. They must distinguish the cellulose acetate from the rayon.

Cellulose acetate is not called rayon. It is distinguished by weavers, dyers and cleaners, finishers, retail stores, and others. We simply ask the committee to recognize the distinction made in the trade and not apply the word "rayon" to the cellulose acetate product. It is more generally applied to another group of synthetic textiles. We do not want to call it "artificial silk," but we believe it is not rayon, and we suggest the word "yarn" not to make any definition of the word "rayon" but simply because that is what you are really covering in this paragraph—cellulose-acetate yarn waste.

Senator KING. That had a duty of 10 per cent awhile ago, did it not?

Mr. O'BRIEN. If I may have a minute to go into that in putting this product into this schedule—

Senator KING. Did it not have a 10 per cent duty once?

Mr. O'BRIEN. Artificial-silk waste—yes—and if this product had only the uses of artificial-silk waste we would say it should be classified as artificial-silk waste, and so taxed; but this waste, which is cellulose-acetate yarn waste, has all the uses of cellulose acetate in any other form. It is not "waste" in the sense that it has depreciated in value. It may be dissolved and used in all of these products, of which the cellulose-acetate manufacturers have spoken. Therefore it is a raw material; it is a chemical compound covered by paragraph 31; and it was only put under "artificial silk" because it was briefly associated with another commodity to the extent that it became technically a by-product, but it has always been the same raw material as cellulose acetate. It is cellulose acetate.

Senator EDGE. In your judgment, does any agricultural product enter into its composition? I ask you that question seriously.

Mr. O'BRIEN. It is manufactured from cotton linters. That is our chief raw material. To those cotton linters the chemicals which I have named are supplied, and from that we get cellulose acetate.

Senator REED. You understand that we are supposed to be working only for that group of Americans that produce agricultural products.

Senator EDGE. You are "in bad" if you can not prove that some agricultural product enters into the composition of your commodity.

Senator REED. If an American lives in the city, he has no rights.

Senator BARKLEY. You understand, Mr. O'Brien, that that is a facetious remark.

Senator EDGE. Mine are far from facetious.

The CHAIRMAN. We will find out after the vote is taken to-day.

Mr. O'BRIEN. I understand that the Senate is to determine what is related to agriculture. We merely want the protection on this form of cellulose acetate that is given to all other forms.

The CHAIRMAN. We understand.

(Mr. O'Brien submitted the following brief:)

BRIEF OF THE CELANESE CORPORATION OF AMERICA

Hon. REED SMOOT,

*Chairman Senate Finance Committee,
Washington, D. C.*

DEAR SIR: In supplement to the statement made by our representative to subcommittee 1 of the Senate Finance Committee on June 17, 1929, and in answer to certain questions from the committee, the Celanese Corporation of America presents this memorandum. The sole change which we request your committee to make in the present wording of paragraph 31 of H. R. 2667 is as follows:

On page 17, in line 1, strike out the word "rayon" and insert in lieu thereof the word "yarn."

This amendment makes no change in the proposed rates of duty on any form of cellulose acetate or rayon. The sole question is one of nomenclature.

As the members of the subcommittee were using at the hearing a printing of H. R. 2667 in which the pages were slightly different from the printing which is followed in designating the proposed amendment, we desire to repeat here the pertinent part of paragraph 31, indicating by parentheses the word to be omitted and by italics the word to be inserted:

"PAR. 31. (a) Cellulose acetate, and compounds, combinations, or mixtures containing cellulose acetate:

"(1) In blocks, sheets, rods, tubes, powder, flakes, briquets, or other forms, whether or not colloided, and cellulose acetate (rayon) *yarn* waste and other cellulose acetate waste, all the foregoing not made into finished or partly finished articles, 50 cents per pound * * *."

The Celanese Corporation of America manufactures chemicals and synthetic textiles, the chief basic product of the company being cellulose acetate and cellulose acetate yarn. While we are not the only domestic manufacturers of cellulose acetate, we are, so far as we know, the only domestic company now manufacturing and selling cellulose acetate yarn.

As the provisions of H. R. 2667 change the existing law by including in paragraph 31 a specific mention of cellulose acetate waste, produced in the manufacture of yarn, and as the report of the Ways and Means Committee of the House of Representatives contains no direct statement explaining the reason for the inclusion of this product under the chemical schedule, we believe it is pertinent to point out, first, the reasons why the product is specifically named and taxed under the schedule, and, second, the correct nomenclature which should be applied.

First. Cellulose acetate, whether as waste or in any other form, is recognized to be a cellulose ester. Imports of cellulose acetate as such have been taxed under paragraphs 30 and 31 of the existing tariff law. This product is used

in the manufacture of lacquers, varnishes, "dope" for airplane wings, "non-inflammable" photographic films, sheets, nonshatterable glass, plastics similar to pyroxilin plastics, in the production of cellulose acetate yarn and for other purposes.

The cellulose acetate, which is imported as such, has been taxable under paragraph 30 at 35 cents per pound. As the result of a ruling of the Acting Commissioner of Customs made on January 7, 1929, it became possible to import cellulose acetate by classifying it as artificial silk waste at a duty of 10 per cent ad valorem, which was the equivalent of 7 to 12 cents per pound. This ruling was based on the theory that the cellulose acetate which was a surplus product in the manufacture of cellulose acetate yarn must be classified technically as waste and so imported as artificial silk waste.

Thus the cellulose acetate which was not changed in chemical composition in the production of the synthetic yarn, which was not "waste" in the sense that it was depreciated in value, which was a chemical compound taxable under another paragraph and which was adaptable for all the uses of the chemical compound covered by the other paragraph, was admitted as "waste" because it happened to be briefly associated with the production of another commodity.

Ordinary artificial silk waste, such as is sometimes known as rayon waste, has only limited uses and all in that form, such as for making spun yarn. Cellulose acetate yarn waste may not only be used for the purpose of making spun yarn but also for any purpose for which cellulose acetate which is covered by paragraph 30 of the existing tariff law may be used.

For these reasons the cellulose acetate, which may be a surplus product in textile manufacture, has been specifically named and included in paragraph 31 of H. R. 2667. The necessary distinctions between the character and uses of this cellulose acetate and of the products commonly known as artificial silk waste have required the separate designation and definite inclusion of all forms of this chemical compound in Schedule 1.

There is no reason for changing this proper classification and the protection granted thereby.

Second. While the cellulose acetate yarn waste should, as has been pointed out, be included in paragraph 31, it is respectfully represented that it should be included only under its proper designation and not by the addition of the word "rayon" which is not generally understood to apply to cellulose acetate and products thereof.

The substitution of the word "yarn" for the word "rayon" solves the difficulty without involving a determination as to the exact meaning of the recently coined word "rayon." The proposed amendment unquestionably removes all ambiguity.

By substituting the word "yarn" for the word "rayon," the provisions of this section of the tariff law become immediately translatable into foreign languages and intelligible in those foreign countries such as France, where the word "rayon" has an entirely different meaning, not in any manner associated with textiles.

The proposed amendment gives full protection to cellulose acetate and leaves rayon waste protected under paragraph 1302 without going into the distinctions between these products. It is, however, pertinent to point out here that the two products are so widely different in chemical composition and in physical properties that these differences are well known and recognized in the synthetic textile trade and in all allied industries.

To establish the distinction between rayon and cellulose acetate yarn, we submit the following facts:

In the Summary of Tariff Information, 1929, compiled by the United States Tariff Commission, the distinction between these products is recognized, at page 1792:

"The fourth and most recent development in the technology of artificial silk production is the cellulose acetate process, in which the chief chemicals used are acetic anhydride, acetic acid, and acetone. Although the chemicals employed in the nitrocellulose, cuprammonium and viscose processes are different, the ultimate product manufactured by these three methods is essentially similar in chemical properties, being a hydrated form of cellulose; that is to say, the original cellulose modified into a different physical form by the cycle of chemical treatments to which it has been subjected. The acetate process,

on the other hand, producing a finished product which is an ester, has chemical properties which distinguish it in a marked degree from the other cellulose yarn products."

If there were two or more kinds of silk differing from one another in chemical composition and therefore in physical properties they would not both or all be called silk. Rayon is not generally known to the public as having been intended by its sponsors to replace the term "artificial silk." Rayon is identified in the public mind with some particular types of artificial silk. But even if the name was applied to all classes that resemble each other it should not be used as the name for a product of totally different chemical composition and physical properties.

Cellulose acetate yarn and fabrics are not called "rayon" by the weavers, knitters, dyers, finishers, manufacturers, distributors, cleaners, and laundries handling the sole cellulose acetate textile product now manufactured and sold in this country. To confuse cellulose acetate textiles with rayon would cause great loss to each of these industries as well as to the public.

The chemical properties which so distinguish cellulose acetate yarns from cellulose yarns naturally give rise to differences in physical properties. A few examples will perhaps serve to illustrate the necessity for the distinction:

Cellulose acetate yarn is an excellent electric insulator.

Rayon is not an electric insulator.

Consequently the electric industry must distinguish between these yarns.

Cellulose acetate can not be dyed with dyes used on rayon or cotton.

Rayon may be dyed with dyes used on cotton but can not be dyed with dyes used on cellulose acetate yarn.

Consequently the dyeing, printing, and finishing industries must know which yarn is being treated.

Cellulose acetate yarn withstands long immersion in sea water without deterioration.

Rayon deteriorates in sea water, consequently the manufacturers of bathing suits, etc., must know which fabric they are handling.

Rayon may be cleaned with chloroform, ether, or acetone.

Cellulose acetate yarn is injured by the application of chloroform, ether, or acetone. Consequently the cleaning industry must know which yarn is contained in fabrics or the garments will be ruined.

Cellulose acetate moiré is permanent and washable.

Rayon moiré is not washable. Consequently cleaners, laundries, and individuals must know of what yarn the fabrics are made.

Cellulose acetate yarn does not shrink.

Rayon shrinks easily. Consequently the weavers, knitters, drapery manufacturers, etc., as well as individuals and laundries must distinguish the yarns.

The leading trade journals preserve the distinction. The Daily News Record carries a heading each day on one page, "Rayon and Other Chemical Yarns." Women's Wear Daily refers to the general subjects as "Rayon and Other Synthetic Yarns."

Dyers advertise their ability to dye rayon and cellulose acetate fabrics. Retail stores, machinery manufacturers, and others use the two terms as mutually exclusive. Thousands of advertisements and news items showing such usage may be submitted if desired.

may be submitted if desired.

Some years ago a group of manufacturers and distributors of artificial silks held a meeting and coined the word "rayon" as a substitute for the misnomer "artificial silk." Our representative at the meeting announced neither we nor our customers had called our product "artificial silk" and, since it differed in chemical composition and physical properties from all the artificial products resembling silk, it would not be fair to our customers or to the public to call it by the same name as the other products, which are regenerated cellulose. We have consistently maintained this position ever since. Our customers and those who handle our product in allied trades and the distributors differentiate it from rayon. The word "rayon" is not in general use in foreign countries. (A few companies in England have recently adopted the word in the place of "artificial silk.") A great effort has been made, unsuccessfully, to make our customers, particularly retail stores, call our product rayon. There is as much justification for calling wool "horsehair."

The English language is not so short of words that Congress must adopt a recently coined word of disputed meaning to cover these products in a tariff law.

Senator Goldsborough has introduced an amendment proposing that the word "rayon" in paragraph 31 be replaced by the word "yarn." We trust that your committee will adopt that suggestion.

In compliance with the request of Senator King we give below a brief history of our company and a statement of its capital, earnings, dividends, etc.

Our company was organized soon after the United States Government requested Dr. Camille Dreyfus and Dr. Henry Dreyfus, the inventors of the processes under which we operate, to build a plant in this country for the manufacture of cellulose acetate for war purposes, these two distinguished chemists having already built a plant in England to supply the Allies. Our company was formed in 1918 as the American Cellulose & Chemical Manufacturing Co. (Ltd.), and the name was changed a few years ago to the Celanese Corporation of America.

When the war ended there was no peace-time use for the capacity output of the plant which was nearing completion, and, as a result, several years were spent developing and determining the most likely use for the quantity of cellulose acetate which the plant was capable of turning out. Finally a yarn was developed which had unique qualities different from any textile on the market. This yarn is made of cellulose acetate at Cumberland, Md.

The outstanding capital of the company consists of 114,818 shares of 7 per cent prior preferred stock of \$100 par value, for which \$11,481,800 in cash was paid into the treasury of the company; 148,179 shares of 7 per cent participating preferred stock of \$100 par value, for which \$14,817,900 in cash was paid into the treasury of the company; and 1,000,000 shares of common stock of no par value for which \$5,792,750 in cash plus innumerable patents, processes, and other property was paid into the company.

No dividends have yet been declared on the common stock, although the company has been in existence over 10 years. Dividends on both classes of preferred stock at the rate of 7 per cent per annum have been declared and/or paid to June 30, 1929. In addition a participating dividend of \$1 a share was paid for the year 1927 on the participating preferred stock, and a participating dividend of 50 cents a share was paid for the year 1928 on the participating preferred stock.

The company made no profit until the year 1924, and its record since then has been as follows:

Net income for the year 1925 was \$24,260.35 before dividends on the preferred stock; for the year 1926 the net income before preferred dividends amounted to \$908,912.35, and after dividends on the preferred stock amounted to \$338,626.05; for the year 1927 the net income was \$2,754,071.85 before preferred dividends and \$970,724.50 after dividends on the preferred stock; for the year 1928 the net income was \$2,356,976.25 before preferred dividends and \$665,805.50 after dividends on the preferred stock.

Our plant is a chemical plant of value in war time. There are many manufacturers of cellulose acetate abroad where labor is much cheaper, and prices are fixed and territories allocated by agreements between companies and international cartels. The industry in this country where there are comparatively few manufacturers of cellulose acetate decidedly needs protection against unfair competition from abroad which could be destructive. The necessary protection is contained in the bill as passed by the House. Specific duties are essential on this product. An ad valorem duty alone on a foreign value would be insufficient protection for this industry because it puts the independent manufacturers in this country at the mercy of the European price-fixing and territory-allocating cartel. If, due to lack of protection, independent producers in this country are gradually eliminated from the field, not only will many thousands of workers now engaged in the production of chemical yarns, "noninflammable" films, and other products be thrown out of employment but foreign articles will be brought to this country and employees in the various mills throughout the land would also be deprived of employment. Factories useful for the production of chemicals in war time would cease to exist. The only interests which would be served would be those of the huge foreign combinations and a few importers. If the duty were lowered the German chemical trust, with other foreign interests combined in price-fixing cartels, could force domestic manufacturers out of business by temporarily underselling here. After thus eliminating the domestic producers, the foreign interests would undoubtedly fix prices at a much higher level.

Our company has about 3,000 employees, mostly in the neighborhood of Cumberland, Md., and it is one of the two leading industries of that city. Our capital has been largely spent on building and equipping the plant in Cumberland, additions to which are planned and financed and will be carried through unless our business is undermined by destructive foreign competition or unfair

interference. Not only are our chief customers the textile mills of the country—wool, cotton, and silk—but the chief raw material which we consume is cotton linters. Reduction of our consumption of cotton linters would cause loss to the cotton growers. The cotton mills of the country, both weavers and knitters, use large quantities of our product for decorative purposes in order to obtain cross-dye effects and other combinations not obtainable with any other textile. This use of cellulose acetate yarn makes cotton fabrics more attractive and salable, thus increasing the consumption of cotton.

The stock of our company is for the most part owned by individuals and no corporation owns more than 3 per cent of the total stock outstanding. We doubt if this can be said of any other company in the industry.

Our only request of the Senate Finance Committee, other than that it allow the House rates to stand, is covered in the first part of this memorandum and relates solely to the nomenclature used, which would, as now written, be unjustly beneficial to foreign and foreign-owned competitors.

Respectfully submitted.

CELANESE CORPORATION OF AMERICA.
By JOHN A. LARKIN, *Vice President.*

CELLULOSE SHEETS

[Par. 31]

STATEMENT OF CLARENCE B. STINER, REPRESENTING BIRN & WACHENHEIM, NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. You have five minutes, Mr. Stiner.

Mr. STINER. I beg to say that we are the only people appearing on this matter, the only people interested in it; and I am going to try to confine myself to the five minutes.

The CHAIRMAN. If you can not, why do you not put your statement in the record?

Mr. STINER. All right.

The CHAIRMAN. I want the whole situation.

Mr. STINER. The Du Pont representative who preceded me, Mr. Doyle, very graciously stated that they were satisfied with a rate of 45 per cent as reported by the Ways and Means Committee.

Senator KING. On what?

Mr. STINER. On paragraph 31, cellulose sheets. Allow me to say that this rate is synonymous with embargo and monopoly.

I am with Birn & Wachenheim, dealers in imported and domestic papers. I am before you as their authorized representative, due to the forced absence of both members of the firm, who are now abroad in conference with the manufacturers of what is commonly known as cellophane, the product upon which this appeal is being made, endeavoring to arrange for eventualities.

In the brief span of eight years I have seen this transparent cellulose sheet develop in use from what might be termed an "infant industry" to a colossal industry, producing an article which has become indispensable, mainly because of the trend of the United States to protect its people against insanitary conditions. Cellophane, as this product is commonly known, is to-day used on food-stuffs of almost every kind because it is greaseproof and absolutely transparent, giving the consumer the opportunity of not only seeing the product within but at the same time assuring absolute sanitation, free from dust and handling.

We have pioneered this product, having sold it since 1913, when it was but little known, at times without profit because of our faith and confidence in its possibilities. After a hard struggle we created a sizable demand; and when about to reap the benefits of our hard labors the Du Pont interests realized the future possibilities and in 1923 bought from the French, then the only manufacturers in the world, the American manufacturing rights for these cellulose sheets, the French concern agreeing to stop all sales to the United States; and the only American manufacturer, with a duty of 25 per cent, is and was able to command 85 per cent of the business.

The French organization was very desirous that arrangements be made with the new American company for us to secure a sales connection. This, however, was made impossible through the most unsatisfactory terms offered us.

We remained in the field in a small way and finally associated ourselves with a group in Belgium who erected a factory for the production of a similar product. When this became known the Du Pont Cellophane Co. started reducing its prices, and, after several reductions, brought the price down to less than half their original price.

The generic term "Cellophane" became identified with this particular product, and is protected by copyright; so that we are forced to use the name "Fenestra Greaseproof" paper. These obstacles were not sufficient, and they caused a protest to be filed, through which channel the duty was raised from 25 per cent to 60 per cent, the decision being contingent on a technical definition of the word "compound" in paragraph 31 of the tariff act. Acknowledged expert chemists, who testified before the customs court, were at wide variance in their opinions.

We appealed to your Ways and Means Committee for relief, and they provided for these cellulose sheets at 45 per cent, which rate will not permit us to continue in business.

It is with the foregoing in mind that we appeal to you gentlemen for relief, so that we may continue to keep these transparent cellulose sheets in an open and competitive market, the advisability of which is apparent in any commodity so essential to the needs of our people.

There has been for years past much litigation regarding the classification of these sheets; and under the act of 1913 the rate was as low as 15 per cent, while under the act of 1922 25 per cent was assessed. This rate, with prevailing prices, allows but a small profit, as is evidenced by figures submitted in the brief which we hope to file with you. Our books, to substantiate these figures, are open to you for verification.

Our sales are approximately but 15 per cent of the entire amount consumed. The consumption is increasing, it is safe to say, at the rate of at least 25 per cent a year, and the American manufacture is constantly increasing its output, establishing factories in several sections of this country.

Although this article is made from wood pulp, the basis of all paper, and used for and in the same manner as paper, your Ways and Means Committee recently placed it in paragraph 31. We are, of course, only interested in having the proper rate apply; but should

your committee have reason to change this to the paper schedule, we beg permission to present a brief to that committee.

It will undoubtedly assist you in forming an opinion to know that these cellulose sheets are mainly a product of machinery and not of labor. In Belgium, with four machines working three shifts a day, producing about 5 tons, or \$10,000 worth, only 250 hands are required; and with the high degree of American efficiency it would seem reasonable to believe that the domestic manufacture would require less. The protection of a high tariff would, therefore, not benefit the masses, but would create a monopoly for one organization.

Senator KING. That is the Du Pont Co.?

Mr. STINER. Yes, sir. It rests with you, gentlemen, whether we are to be forced out of business, leaving these essential transparent sheets in the absolute control of a monopoly or whether you will restore a duty which will permit us to continue.

We thank you, and hope for your kind consideration of our plea.

Senator KING. You want to reduce the duty?

Mr. STINER. This has been buffeted around from one paragraph to another.

The CHAIRMAN. What you want is 25 cents?

Mr. STINER. We would be satisfied with 25 cents.

The CHAIRMAN. Your five minutes is up. Have you anything more?

Senator REED. Is it not a fact that an independent factory, with no connection with the Du Ponts, is about to be erected over here in Virginia?

Mr. STINER. Not that I know of, sir. The Du Ponts are putting up one in the South.

Senator REED. I do not mean the Du Ponts; I mean an independent factory.

Mr. STINER. Not that I know of, sir. There is no other manufacturer in the United States.

I wish to say that in 1928 the Du Pont Cellophane Co. could not supply the demand and were forced to bring in merchandise, as evidenced here, from the French concern. They also reduced their prices, as it is shown here, on a material on which they have competition, whereas on a product on which they have no competition—an improvement on this product which makes it moisture-proof—they do not reduce the price. They already have a monopoly on that, and find it not necessary, although they are getting considerably more for this product than the other.

Senator KING. I find on my desk here a brief. Is this your brief?

Mr. STINER. I am going to ask permission to file a brief which has in it matter which was not in the former brief.

The CHAIRMAN. I think most of it is in the former brief; but you can file it if you want to.

(Mr. Stiner submitted the following brief:)

BRIEF OF BIRN & WACHENHEIM, NEW YORK CITY

Hon. REED SMOOT,

Chairman, Finance Committee,

United States Senate, Washington, D. C.

GENTLEMEN: We respectfully refer to H. R. 2667, paragraph 31, section (b), subsection (3), which provides as follows:

"Transparent sheets of cellulose not exceeding three one-thousandths of an inch in thickness, chiefly used for wrapping, by whatever name known, 45 per centum ad valorem."

We are now and have been for the past 16 years importing cellulose sheets of this character from Europe. When the bill was before the Ways and Means Committee of the House of Representatives, we submitted a brief which appears on pages 9711 to 9713 of volume 45 of the printed reports of the hearings before that committee, wherein we pointed out why these sheets should not be classified at a rate in excess of 25 per cent ad valorem, which was the applicable rate under the tariff act of 1913 and also under the tariff act of 1922 up to February, 1929. We respectfully refer your committee to that brief.

THE MERCHANDISE AND ITS USES

The merchandise which would fall within the above language consists of thin, highly transparent sheets of pure cellulose (highly purified wood pulp) run through a glycerin bath for the purpose of producing softness and pliability of the sheets under dry atmospheric conditions. They are used almost entirely for wrapping agricultural and other food products, such as figs, prunes, dates, bacon and other meats, bread, cakes, etc. The California Packing Association and such other large American packing firms as Armour, Swift, Ward Baking Co., Loft Candy Co., etc., agree that they are the most sanitary form of wrapping material for agricultural and food products. They are dust proof, dirt proof, and grease proof, and can be and are with safety to the ultimate consumer, placed directly next to the food product wrapped. Their high degree of transparency affords the consumer an opportunity to see just what is the condition of the food product he is buying. They have, in fact, revolutionized the packing and the distribution of food products in that the large packers can and do pack their food products in small individual packages which reach the ultimate consumer in the original packed conditions, thus eliminating the usual several handlings of such food products and insuring cleanliness in the product when it is purchased by the ultimate consumer.

The sales of agricultural and other food products have been appreciably increased since the advent of these sheets as a wrapping material and they have become a practical necessity in the industry; so much so that an increase in their cost to the packers would unquestionably result in increasing the cost of the food products to the ultimate consumer.

CLASSIFICATION UNDER THE TARIFF ACTS OF 1913 AND 1922

In *Roland Freres v. United States* (11 Ct. Cust. Appls. 321), the United States Court of Customs Appeals (now the United States Court of Customs and Patent Appeals), held that the cellulose sheets therein referred to under the trade name "cellophane" sheets were properly dutiable at 25 per centum ad valorem under paragraph 34, tariff act of 1913 by similitude to gelatin sheets. The sheets were thereafter classified at that rate under the tariff act of 1913 and at the same rate throughout the entire life of the tariff act of 1922 (par. 42) up to February, 1929. On February 20, 1929, the United States Customs Court, on a technical interpretation of the term "compound" in paragraph 31 of the tariff act of 1922, held that they were dutiable at 60 per cent ad valorem under that paragraph. This decision is reported in Treasury Decision 43232. An appeal therefrom was filed by the importers and is now pending before the United States Court of Customs and Patent Appeals.

THE DOMESTIC INDUSTRY

The Du Pont Cellophane Co., of Buffalo, N. Y., is the sole American manufacturer of cellulose sheets. Their product is sold under the registered trade name "Cellophane." (Ours is sold under the trade name "Fenestra Grease-proof Paper.") In 1923 the Du Pont Cellophane Co. acquired the American rights to the manufacture of these sheets from La Cellophane Co., of Bezons, France, the original manufacturers.

We believe it may be fairly stated that they control at least 85 per cent of the total consumption of this product in the United States, the balance being divided between ourselves and two or three smaller importers. While we have not access to their books, we are reasonably certain that their sales for

1928 ran from \$7,500,000 to \$10,000,000. Our sales for the same period were approximately \$960,000.

In 1923 the selling price was \$0.09555 net per thousand square inches. The Du Pont Cellophane Co. has since made several price reductions, the dates and price changes of some are: January, 1927, 6¼ cents less 10 per cent and 2 per cent, or \$0.059535 net; August, 1927, 5¼ cents less 10 per cent and 2 per cent, or \$0.50715 net; June, 1928, 5¼ cents less 10 per cent and 2 per cent, or \$0.046305 net; November, 1928, 4¼ cents less than 10 per cent and 2 per cent, or \$0.04189 net.

At times the demand has been so great that the Du Pont Cellophane Co. has not been able to produce enough to meet it and has been forced to import from La Cellophane Co., of France, from whom, as heretofore stated, they purchased the patent rights with the understanding that no sheets would be shipped to the United States.

ANY RATE HIGHER THAN 25 PER CENT WILL ESTABLISH A COMPLETE MONOPOLY FOR THE DU PONT CELLOPHANE CO.

As the Du Pont Cellophane Co. was in this state of obvious prosperity while the rate of duty on imported cellulose sheets was only 25 per cent ad valorem, it is respectfully submitted that that company needs no protection beyond a rate of 25 per cent on the relatively small quantities imported.

As hereinafter pointed out, a rate in excess of 25 per cent would make it impossible to import these sheets and would give the Du Pont Cellophane Co. a monopoly. Thus the entire American packing industry would be unable to buy this necessary wrapping material in a free and open competitive market, a healthful condition in any industry, but would be forced to depend for its entire supply on one American manufacturer. It is reasonable to suppose that such a situation would result in an increase in the price of the food products wrapped in these sheets.

We see no logical reason why H. R. 2667 should increase the rate on these cellulose sheets from the original rate of 25 per cent in the present act to 45 per cent as proposed, an increase of 80 per cent, while in the same bill, greaseproof paper carries a rate of 3 cents a pound plus 15 per cent ad valorem, which is equivalent to an ad valorem rate of between 18 per cent and 20 per cent on a product which competes with our Fenestra Greaseproof paper.

COMPARISON OF COSTS, SELLING PRICE, ETC., OF DOMESTIC AND IMPORTED CELLOPHANE SHEETS DEMONSTRATING THAT A RATE OF 25 PER CENT AD VALOREM AFFORDS MORE THAN ADEQUATE PROTECTION TO THE DU PONT CELLOPHANE CO., THE SOLE AMERICAN MANUFACTURER

	1,000 square inches
Landed cost of imported cellulose sheets during 1928 including duty at 25 per cent, and overhead, selling expenses, etc. but not including profit.....	\$0.04766
Du Pont Cellophane Co. average selling price in 1928, (because of similarity our selling price can not be more) including profit:	
To trade \$0.05¼ less 2 per cent and 6 per cent.....	.04836
To jobbers with whom much of their business is done, \$0.05¼ less 10 per cent and 2 per cent.....	.0403
Landed cost of imported cellulose sheets in 1929, including duty at 25 per cent, and overhead, selling expenses, etc., but not including profit.....	.0409
Du Pont Cellophane Co. selling price in 1929 including profit:	
To trade \$0.0475 less 2 per cent and 6 per cent.....	.0437
To jobbers \$0.0475 less 10 per cent and 2 per cent.....	.0419
Landed cost of imported cellulose sheets in 1929 including duty at 60 per cent, and overhead, selling expenses, etc., but not including profit.....	.0486
Du Pont Cellophane Co. selling price in 1929 including profit:	
To trade \$0.0475 less 2 per cent and 6 per cent.....	.0437
To jobbers \$0.0475 less 10 per cent and 2 per cent.....	.0419

The foregoing clearly demonstrates:
That in 1928 under a duty of 25 per cent Du Pont Cellophane Co. was selling to the jobbers at less than our cost, without profit, and to the trade at a price which allowed us less than 2 per cent on our cost for profit.

That in 1929 under a duty of 25 per cent Du Pont Cellophane Co. was selling to the jobbers at a price which allowed us about 2½ per cent on our cost for profit, and to the trade at a price which allowed us about 7 per cent.

That in 1929, protected by a 60 per cent duty, Du Pont Cellophane Co. was selling to the jobbers and to the trade at approximately 16 per cent and 10 per cent, respectively, less than our cost, without profit.

In conclusion, we respectfully submit that for the reasons hereinbefore stated, cellulose sheets should not be classified at a rate in excess of 25 per cent ad valorem, if a competitive basis is to be fixed, which is stated in the bill to be the disclosed purpose of the act and the policy of the Congress.

Respectfully submitted.

BIRN & WACHENHEIM,
C. B. STINER, *Manager.*

PYROXYLIN PLASTICS

[Par. 31, etc.]

STATEMENT OF B. W. DOYLE, LEOMINSTER, MASS., REPRESENTING PYROXYLIN PLASTICS MANUFACTURERS' ASSOCIATION AND THE HORN AND CELLULOID MANUFACTURERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You appeared before the House committee, Mr. Doyle?

Mr. DOYLE. Yes, sir.

Senator SMOOT. Do you want to repeat just what you said there?

Mr. DOYLE. I have some new data here and I would like to file these briefs and very briefly state the reasons for this brief.

Senator SMOOT. The brief, I think, however, is in the House hearings, is it not?

Mr. DOYLE. This is a new brief.

Senator SMOOT. You do not want the other brief in the record?

Mr. DOYLE. No; just this brief.

Senator KING. What is your name and whom do you represent and what schedule do you refer to?

Mr. DOYLE. My name is B. W. Doyle. Paragraph 31. Representing the Pyroxylin Plastics Manufacturers' Association and the Horn and Celluloid Manufacturers' Association.

I have a very short brief here which I would like to file, and very briefly state the changes which we are asking in paragraph 31.

The first change is an increase in the rate of duty on transparent sheets for safety glass. I would like to give you a sample of safety glass.

Senator KING. Transparent sheets of cellulose?

Mr. DOYLE. Transparent sheets of cellulose. That is a transparent sheet sandwiched in. There you see the sheet unbroken. [Handing a sample to the committee.] That is the same thing broken. [Handing another sample to the committee.] That is a nonshatterable glass. The safety-glass industry is a new industry which has been established on a commercial basis within the last 18 months. The American pyroxylin plastics manufacturers have spent close to \$1,000,000 in the last two years in developing a product, a transparent pyroxylin sheet suitable for safety glass, and have made possible by the quality of their product this safety glass. Now, due to

the foreign manufacturers benefitting by these researches and developments, they are able, among other things, due to lower labor costs, and so forth, to produce a product at a much lower cost. And I am submitting herewith additional data which was not available at the time of the Ways and Means Committee hearing, showing the importations of pyroxylin plastic transparent sheets used for safety glass during the months of March and April, and we have information also that these same rates of importations are going on up to the present time, showing that the importations in each month are almost as large as the annual importations of this product previous to 1929. Seventy per cent of the importations were transparent sheets for use in safety glass.

The pyroxylin plastics industry in the United States is producing about 800,000 pounds annually, and at the rate of importations at the present time the importations are in excess of the domestic production.

Senator REED. Where was this industry first developed?

Mr. DOYLE. The patents originally were developed in England, but as a practical matter the development of the industry has taken place in this country on a commercial basis in the past 18 months.

Senator REED. What are the names of the manufacturers in America who make these?

Mr. DOYLE. Who make the transparent sheets?

Senator REED. Who make the sheets; yes.

Mr. DOYLE. The Celluloid Corporation, the Fiberloid Corporation, the Nixon Nitration Works, and the Du Pont Viscoloid Co.

Senator REED. There are four manufacturers?

Mr. DOYLE. There are four manufacturers that are now making it.

Senator SMOOT. When did the first manufacturer begin operations?

Mr. DOYLE. We have been experimenting for probably 10 years. It is within 18 months.

Senator SMOOT. They have been making it successfully for 18 months?

Mr. DOYLE. Partly that. Perhaps 12 months we have been making it successfully.

Senator SMOOT. Proceed.

Mr. DOYLE. The imports for March and April, 1929, indicate that the foreign importation of this material is now on a basis in excess of domestic production. One manufacturer, according to the London and the New York papers, has placed orders in Germany for 100,000 sheets per month of this transparent material for safety glass purposes. The imported price is 64 cents a pound.

Senator SMOOT. Did your company secure the patent for the making of this nonbreakable glass?

Mr. DOYLE. No.

Senator SMOOT. Who did secure it?

Mr. DOYLE. There are some patents owned by the Triplex Co. that is for the laminating of the glass. Process patents.

Senator SMOOT. Are you availing yourselves of the English patent?

Mr. DOYLE. No, sir; our process is not covered by a patent, nor is it interfering with any patent. There are various processes of laminating glass and the pyroxylin sheets together.

Senator SMOOT. And there is no patent on it?

Mr. DOYLE. Not under our process; none whatever.

Senator REED. What substance is it that causes the strip to adhere to the glass on each side of it? Is that a separate glue or is it some quality in the sheet itself?

Mr. DOYLE. They use gelatin, and with the quality of the sheet it adheres to the glass.

Senator KING. Is this nonbreakable?

Mr. DOYLE. Yes.

Senator KING. What causes that?

Mr. DOYLE. It is the adherence of the glass and the pyroxylin sheet. And that sheet has to be made almost perfect.

Senator REED. That is two sheets of plate glass with a strip of this cellulose stuff in the middle?

Senator KING. Then the only thing that you have done is to take sheets of glass made from the product that you make glass from, silica, and put a little celluloid between the two sheets?

Mr. DOYLE. That is the situation.

Senator SMOOT. That could have been done years ago, but nobody ever did it.

Mr. DOYLE. Nobody ever did it. They have been working for 10 years and spent millions in trying to do it, and we claim that by reason of the pyroxylin sheet which we are now making, the transparency of the sheet, a sheet that will stand the light and will not decompose, that we have made possible the manufacture of that safety glass.

Senator SMOOT. You are the manufacturer of it?

Mr. DOYLE. We manufacture the pyroxylin sheet.

Senator SMOOT. Do you pay any royalties?

Mr. DOYLE. No, sir.

Senator SMOOT. Anybody can make it?

Mr. DOYLE. Anybody can make it. The Triplex Co. claims some English patents on the laminating of the glass.

Senator SMOOT. Well, did they not secure American patents?

Mr. DOYLE. They claim some American patents; yes, sir.

Senator SMOOT. Then there will be a conflict, will there not?

Mr. DOYLE. We hardly think so, and the patents have expired or will expire within the next few years.

Senator KING. Are you asking this increased tariff on the glass or simply on that little pyroxylin?

Mr. DOYLE. No, sir; we are just simply asking for this duty on the transparent sheets.

Senator REED. Of course there is no patent that covers the manufacture of this plate glass. It is merely thinner than the usual sheet.

Mr. DOYLE. Yes.

Senator REED. There is no patent on the manufacture of this pyroxylin sheet that is placed between the two plates of glass?

Mr. DOYLE. No, sir.

Senator REED. Is there, however, a patent on the method of making the glass and the pyroxylin adhere to one another?

Mr. DOYLE. Certain processes are patented.

Senator SMOOT. You use those processes?

Mr. DOYLE. But we do not use those processes. And there are others that laminate the glass that do not use this process. They simply have a patent on their particular process.

Senator SMOOT. Is it better than what you are using?

Mr. DOYLE. We do not think so.

Senator KING. There is no tariff now on this glass that you are asking a tariff on?

Mr. DOYLE. Senator, we are not asking for a tariff on the glass. We are simply asking for a tariff on the thin, transparent sheet that is between those two pieces of laminated glass. Our business is to make the pyroxylin sheet—the transparent sheet—and we sell it to the glass manufacturers—the laminated-glass manufacturers.

Senator KING. Then, you are asking now a tariff on the pyroxylin?

Mr. DOYLE. Yes; we are asking a tariff on the pyroxylin.

Senator KING. And there is a tariff on that now?

Mr. DOYLE. Yes, sir.

Senator KING. How much?

Mr. DOYLE. Forty cents a pound.

Senator KING. Forty cents a pound?

Mr. DOYLE. Yes.

Senator KING. And you want to increase it to what?

Mr. DOYLE. Fifty-five cents.

Senator KING. What do you make it from?

Mr. DOYLE. We make it from nitrocellulose, camphor, alcohol, and other ingredients.

Senator KING. And those are made in large quantities in the United States?

Mr. DOYLE. Those are made in large quantities in the United States; yes, sir.

Senator KING. The Du Pont Co. has been engaged in the manufacture of these products for a number of years, has it not?

Mr. DOYLE. Yes, sir.

Senator KING. Practically since the war?

Mr. DOYLE. Yes, sir.

Senator KING. And has made enormous profits out of its chemical production?

Mr. DOYLE. I am sorry to say that out of this particular branch of their business they have made no profits whatever up to the time of the reorganization in 1925.

Senator KING. There has been a reorganization and a combination of a large number of these chemical companies, has there not, the Allied Chemical Co. and the Du Pont Co. and others?

Mr. DOYLE. That I do not know. I do not know except in a general way. And it has nothing to do with our particular industry.

Senator KING. Are you connected with them in any way?

Mr. DOYLE. In the pyroxylin industry I am connected with them.

Senator KING. You represent the Du Ponts here?

Mr. DOYLE. I represent the Pyroxylin Plastics Manufacturers' Association.

Senator KING. Who compose that association?

Mr. DOYLE. The du Pont Viscoloid Co., the Fiberloid Corporation, the Nixon Co., and the Celluloid Corporation.

Senator KING. Who are the principal stockholders in the Celluloid Corporation, do you know?

Mr. DOYLE. I can not tell you, sir.

Senator KING. Have you a balance sheet here showing the profits of the Celluloid Corporation during 1927 and 1928—the capital invested?

Mr. DOYLE. Of the Celluloid Corporation?

Senator KING. Yes.

Mr. DOYLE. I have not.

Senator KING. Or of the du Pont Viscoloid Corporation?

Mr. DOYLE. The Tariff Commission have made a survey and investigation of our whole industry. The books of the du Pont Viscoloid Co., the Celluloid Corporation, the Fiberloid Corporation, and records and processes and costs have been given to the Tariff Commission, and we rest our case on their investigation.

Senator KING. Has that been published?

Mr. DOYLE. I presume it has.

Senator REED. Tell me again: What does your product sell for at present, in America?

Mr. DOYLE. The transparent sheets?

Senator REED. Yes.

Mr. DOYLE. \$1.20 to \$1.35 a pound.

Senator REED. And you have at present a 45-cent tariff?

Mr. DOYLE. We have at present a 45-cent tariff. That is, the House bill gave 45 cents. The 1922 act gave us—

Senator REED. 60 per cent?

Mr. DOYLE. 40 cents a pound.

Senator KING. A specific duty?

Mr. DOYLE. Yes; a specific duty.

Senator KING. Was it compound?

Mr. DOYLE. No, sir.

Senator KING. Just specific?

Mr. DOYLE. Just specific; which is the lowest duty that this industry has enjoyed, with the exception of two acts on the tariff, since it was founded in this country in 1870.

Senator KING. You are speaking of the pyroxylin industry?

Mr. DOYLE. I am speaking of the pyroxylin industry. Forty cents a pound I believe is the lowest.

Senator KING. It has built up under that lower tariff to large proportions in the United States, has it not?

Mr. DOYLE. Under what tariffs?

Senator KING. Under the past tariffs?

Mr. DOYLE. The industry has been built up—previous to the war the Germans were the leaders in the world industry.

Senator KING. No; I am asking you, in the United States, have you not built up your industry?

Mr. DOYLE. Yes.

Senator KING. In production annually?

Mr. DOYLE. Not annually; no.

Senator KING. Well, there has been some increase?

Mr. DOYLE. Since 1923 I think the business has been very much less than during the war period.

Senator KING. Oh, yes.

Mr. DOYLE. And the plants since that time have been running about 50 per cent capacity on the sheet material.

Senator KING. But they were expanded, I suppose, during the war?

Mr. DOYLE. Yes; they were expanded during the war.

Senator KING. Like many others?

Mr. DOYLE. Yes.

Senator KING. And many other plants in the United States which were "war-time babies" had to close when the war was over?

Mr. DOYLE. That is true.

Senator KING. But you did not close, you continued, and your output is greater in 1928 than it was in 1927?

Mr. DOYLE. I think it is approximately the same.

Senator KING. And it is very much greater than it was before the war?

Mr. DOYLE. Greater than before the war.

Senator KING. What has been the increase in production from 1913 to 1928? How many hundred per cent increase?

Mr. DOYLE. I can not tell you offhand, but I presume it would be twice as much.

Senator KING. Twice as much?

Mr. DOYLE. And the whole industry in the world probably has increased more than that.

Senator KING. Mr. Witness, I should be very glad for my own information and for the information of the committee, if you will furnish the committee, if you can, a statement of the capital originally invested in this pyroxylin industry, the dividends paid, and the present amount of capital.

Mr. DOYLE. How far back, Senator? You see, like many other industries, it started 50 or 60 years ago.

Senator KING. You say this industry was started in 1870?

Mr. DOYLE. Yes; this industry was started in 1870.

Senator KING. The amount that has been invested since, say 1910, and the dividends paid since 1910. And the capital stock in 1910 and the capital stock now. And whether that capital stock had resulted from bond issues, from new capital really put in, or from watered stock or otherwise.

Mr. DOYLE. We will be very glad to give you that information.

Senator KING. Thank you.

Mr. DOYLE. I might state to you, however, that I know that in the last five years, up to the time we made the investigation in the year 1927, that the industry has had slightly under 4 per cent return on its investment.

Senator SMOOT. Is Japan shipping very much of that to the United States?

Mr. DOYLE. Japan is our biggest competitor in the fabricated articles, sir.

Senator KING. Japan is your biggest competitor in what?

Mr. DOYLE. Japan is our biggest competitor in fabricated articles, like toys, toothbrushes, and things of that sort. May I go on?

Senator SMOOT. Yes.

Mr. DOYLE. There are many fabricated articles made from this pyroxylin material, and by reason of the omission of the "basket clause" in paragraph 31 they now come under other paragraphs of

the bill, and we are asking that those paragraphs be amended to restore the duties that they had under the 1922 act.

Senator SMOOT. That is, to restore all duties?

Mr. DOYLE. To restore all duties that they had under the 1922 act. For example, optical goods, by changing the paragraph, they now get a duty of 40 per cent, while under the 1922 tariff they had 60 per cent. I do not think there was any intention to make that change.

Senator KING. Of course increase in the tariff would increase the price of toothbrushes and all those products that are in such common use among the people of the United States.

Mr. DOYLE. I would be very glad to give you an example, Senator, on toothbrushes, if you like. There are some toothbrushes [exhibiting to the committee]. These are Japanese brushes. These others are American brushes. Eighty per cent of these toothbrushes—well, I will not say 80 per cent, but a large proportion of them, were sold in—and where the tariff would affect them most would be in the 10-cent store or the chain-store business. The chain-store manufacturer pays four dollars in Japan for a toothbrush.

Senator REED. Four dollars for how many?

Mr. DOYLE. Per gross. Under the present tariff of 60 per cent it costs him \$6.80. He sells that for \$14.40. Under the tariff which we are asking for and which has been granted by the House Ways and Means Committee, the cost to the chain-store manufacturer will be \$9.28. The American manufacturer can sell and does sell these brushes at the same price. The differential will simply be absorbed by the importer; the wholesale importer will probably be out of luck. But the chain-store man or other direct purchaser can still sell his toothbrush at 10 cents, as before, except that he pays the difference in price. The consumer pays no more.

Senator KING. What I mean is this. You are asking for an increase in the tariff for the purpose, of course, of increasing your price, or preventing a reduction in price, or eliminating your competition?

Mr. DOYLE. We are asking it because we think that this country of ours should have the business that is now being taken abroad. For instance, take toothbrushes. The total volume of toothbrushes, as near as we can figure it, is something like three or four millions of dollars. And probably one-third, if not more, is now being imported.

Senator KING. You are not repudiating the accepted academic view that the tariff is for the purpose of enabling the domestic manufacturer to keep up his costs and prevent foreign competition? You accept that, do you not?

Mr. DOYLE. Not exactly; no, sir.

Senator KING. Then what is the use of having a tariff, except for revenue, if it is not for the purpose of protecting the domestic manufacturer?

Mr. DOYLE. It is for protection, but I still claim that it does not advance prices in this country to the consumer. That is it.

Senator SMOOT. All right.

Mr. DOYLE. May I finish just one more paragraph? The other paragraph relates to transparent sheets for wrapping paper.

Senator KING. What is that paragraph, Mr. Doyle?

Mr. DOYLE. This comes under paragraph 31. Because of the fact that material of the type of cellophane has been classified under paragraph 31 of the act of 1922, and according to statement in the report of the Ways and Means Committee accompanying the tariff bill that "cellophane in sheet form falls under the provisions of the chemical schedule in paragraph 31," the Pyroxylin Association has conferred with the manufacturer of cellophane and appears in its behalf for the purpose of avoiding conflict between the different products included in paragraph 31. And we are asking for a separate paragraph, and outline here the phraseology.

Senator KING. You do not want to increase the 45 per cent?

Mr. DOYLE. No, sir.

I just have one more item here and that is camphor. Camphor is used largely in the manufacture of pyroxylin plastics. Some four and a half million pounds are used annually. All natural camphor comes from Japan, and synthetic camphor from Germany.

Senator REED. What proportion of synthetic camphor are you now using?

Mr. DOYLE. We are using more than we did formerly on account of this safety glass, and it runs about 50 per cent.

Senator REED. Is there no synthetic camphor made in America?

Mr. DOYLE. None whatever at the present time. Because of this expansion of transparent sheets for safety glass we are desirous of having a domestic supply, and we are asking in this brief here that the synthetic camphor duty of 6 cents per pound remain.

Senator REED. Do you think that is sufficient to build up an American industry?

Mr. DOYLE. It is with this development of transparent sheets for safety glass. We believe that it is possible with the volume of business and reasonable protection to build it up.

Senator SMOOT. When we gave 50 cents a pound for menthol; camphor, crude, natural, 1 cent per pound; camphor, refined or synthetic, 6 cents per pound, the law as passed in 1922 was thought to be sufficient to establish that manufacture of synthetic camphor in the United States.

Senator REED. Yes; but this is a reduction of it.

Senator SMOOT. Yes. But I am going to ask him: That being the case, why did not those that you are interested with start the manufacture of synthetic camphor in the United States under the law of 1922?

Mr. DOYLE. I think, Senator, that under the 1922 law the idea of giving synthetic camphor a protection of 25 per cent was defeated and 6 cents a pound was the duty, and my recollection is it was 5 cents a pound in the previous law. That is the act of 1913.

Senator SMOOT. In the act of 1922 it was 6 cents a pound.

Mr. DOYLE. Yes; it was 6 cents in 1922, but 5 cents in the Act of 1913.

Senator SMOOT. I am speaking of 1922, when we made the duty 6 cents a pound, that was with the distinct understanding that the rate would establish the industry in the United States. And it has not done it, has it?

Mr. DOYLE. No, but if you will pardon me, Senator, I think that your idea of establishing the industry in the United States in 1922

was on the basis of a duty of 25 per cent which, as I recollect the price of camphor at that time, would mean 15 cents or more per pound. That was changed and was not put through. And then they put on a rate of 6 cents a pound for refined camphor, and my memory perhaps is not quite right, but I think it was 5 cents in 1913 and previous bills. So that actually as the rate was written in 1922, there was not protection given sufficiently to manufacture synthetic camphor. I may further add that the industry has not been in a healthy condition since that time, and has not warranted anybody investing the necessary sums to manufacture synthetic camphor.

Senator KING. Let me ask you this: Is there not some advantage in the natural product grown in Japan over the synthetic?

Mr. DOYLE. The synthetic camphor manufacturers of Germany have developed a better product than the natural product.

Senator SMOOT. That is true.

Senator KING. And is it superseding the Japanese product?

Mr. DOYLE. For the finer grades of work we are using this synthetic camphor. We are using synthetic camphor for the safety glass.

Senator KING. What do you use for medicinal purposes?

Mr. DOYLE. I do not think it is being used for medicinal purposes, but it is only a question of time when it will.

Senator KING. It is used for manufacturing purposes?

Mr. DOYLE. Used for manufacturing purposes.

Senator KING. But is it not a fact that for medicinal purposes the very best physicians and scientists regard the product of nature superior to the synthetic product?

Mr. DOYLE. I have read articles where they state they think the synthetic is fully as good.

Senator, if I may mention cellulose acetate. The witness who preceded stated that acetate cellulose—referring to the Cleveland disaster, and referring to the X-ray films—comes under paragraph 31. That is an error. It comes under the photographic paragraph. And they are imported in sheets similar to ours under paragraph 31. We have given the necessary data and information to the Tariff Commission showing that we desire to build up this acetate cellulose industry, and that is the reason for the tariff protection that we are asking.

Senator REED. I am very dull, I know, but I still do not understand what you want to do with this camphor section, section 52. Do you want to put the 6 cents duty on synthetic camphor?

Mr. DOYLE. The association is desirous of a domestic supply, and to insure this asks that the duty on synthetic camphor be retained at 6 cents per pound.

Senator REED. In other words, you prefer the language of the 1922 law?

Mr. DOYLE. We do, sir.

(Mr. Doyle submitted the following brief:)

BRIEF OF THE PYROXYLIN PLASTICS MANUFACTURERS ASSOCIATION

Hon. REED SMOOT,

Chairman Finance Committee Senate of the United States,

Washington, D. C.:

On behalf of the Pyroxylin Plastics Manufacturers Association and the Horn and Celluloid Manufacturers Association, we are directed to petition your com-

mittee for certain changes in paragraphs 31, 52, 225, 1510, 1537, 1554, and 1686 of H. R. 2667.

We recommend that the aforesaid paragraphs shall be amended as follows:

On page 16 of the bill, line 24, after "forms" and the comma, insert "including pieces and scrap" and a comma.

On page 17 of the bill, line 12, after "value," insert a comma and the following: "and lacquer base wholly or in part of any product provided for in paragraph 31."

On page 17 of the bill, line 14, after "forms" and the comma, insert "including pieces and scrap" and a comma.

On page 17, line 19, strike out "45" and insert "55."

On page 22 of the bill, line 14, strike out "and synthetic camphor," and on page 22, line 15, after "refined," insert "or synthetic."

On page 46, line 13, after "ad valorem," insert a colon and the following:

"Provided, That none of the foregoing composed wholly or in chief value of any product provided for in paragraph 31 shall be subject to a less duty than 60 per centum."

On page 180 of the bill, line 8, after "ad valorem" and the semicolon, insert "buttons and parts thereof, composed wholly or in chief value of any product provided for in paragraph 31, 60 per centum ad valorem" and a semicolon.

On page 202 of the bill, line 5, strike out "25" and insert "60."

On page 210 of the bill, line 12, after "ad valorem," insert a semicolon and the following: "if wholly or in chief value of any product provided for in paragraph 31, 60 per centum ad valorem."

On page 227 of the bill, line 4, after "for," insert a comma and the following: "unless composed in chief value of cellulose esters."

PARAGRAPH 31

Three changes are proposed in this paragraph, as follows:

1. An increase in the rate of duty upon transparent sheets thirty-two one-thousandths of an inch or less in thickness, from 45 to 55 cents per pound.

2. The addition of adequate language to make certain that lacquer base material will be classified under this paragraph.

3. The separation of bracket (b), subdivision 3 of paragraph 31 to be made a distinct bracket of the paragraph and designated as (c).

TRANSPARENT SHEETS FOR SAFETY GLASS

In our brief filed with the Ways and Means Committee, which appears at pages 494, 495, and 496 of volume 1 of the tariff hearings, will be found a full statement of the problem involved in the manufacture of safety glass and transparent pyroxylin sheets therefor.

The safety-glass industry is a new industry, which has been established on a commercial basis in the United States within the past 18 months.

The table shows the importation of sheets, rods, and tubes under paragraph 31 of the tariff act of 1922 for the first four months of 1929:

Month	Quantity	Value
January.....	<i>Pounds</i> 17,610	\$19,411
February.....	53,148	49,648
March.....	90,988	72,610
April.....	99,072	85,097
Total.....	260,818	226,766

The above figures provide a striking indication of the large increase in importations during the period of increasing use of safety glass. It will be noted that in March and April of this year the importation in each month was almost as large as the annual importations of this class of material prior to 1929. We believe that it can be verified that more than 70 per cent of these imports have been of transparent sheets for use in the manufacture of safety glass. The pyroxylin industry in the United States is now producing transparent sheets for safety glass at an annual rate of not more than 800,000 pounds. The imports

for March and April, 1929, indicate that the foreign importation of this material is now on a basis in excess of domestic production. The foreign price of material imported for use in making safety glass is 64 cents per pound. The investigation made by the Tariff Commission into the domestic pyroxylin industry shows that the proposed rate of 45 cents per pound is insufficient.

It is our belief that we can not hope to develop this industry in the United States unless we have a tariff protection on these transparent sheets of at least 55 cents per pound.

LACQUER BASE

In the interest of clarity we request that language be added to paragraph 31 to make certain that lacquer base shall be dutiable under this paragraph. This is to guard against the importation of lacquer base made from low-grade pyroxylin such as surplus military powders where the argument might be made that the value of the pyroxylin was less than the value of pigments or other ingredients.

PARAGRAPH 52—SYNTHETIC CAMPHOR

Camphor is an essential element in the production of pyroxylin plastics. At the present time the Pyroxylin Plastics Manufacturers' industry consumes annually at least 4,250,000 pounds of crude and synthetic camphor and is wholly dependent for its source of supply upon the imports from Japan of natural camphor and upon the imports from Germany of synthetic camphor.

Due to the probable expansion of the pyroxylin business through the use of pyroxylin sheets in safety glass, consideration is being given by chemical manufacturers to the manufacture of synthetic camphor in the United States. The Pyroxylin Plastics Manufacturers' Association is desirous of having a domestic source of supply and, to insure this, urges that the duty on synthetic camphor be retained at 6 cents per pound, the rate now imposed by the existing law, instead of reducing the rate to 1 cent per pound as proposed in the bill now under consideration.

For your further information, tables of imports of both natural and synthetic camphor are shown below.

Imports of synthetic camphor for the last three years have been as follows:

Year	Quantity, pounds	Value	Duty collected	Average unit	Equal ad valorem, per cent
1926.....	2,869,562	\$1,523,818	\$172,174	\$0.531	11.80
1927.....	2,941,236	1,276,875	176,477	.434	13.82
1928.....	2,291,984	821,652	.....	.358	.....

The imports of crude natural camphor during the last three years have been as follows:

Year	Quantity, pounds	Value	Duty collected	Average unit	Equal ad valorem, per cent
1926.....	2,018,971	\$1,157,923	\$20,190	\$0.574	1.74
1927.....	1,672,114	802,300	16,721	.480	2.08
1928.....	4,384,661	1,658,769	.....	.378	.....

An examination of the above import statistics indicates that the synthetic camphor prices follow very closely the crude camphor prices. On account of this fact Pyroxylin Plastics Manufacturers' Association is of the opinion that it will not get the benefit of the proposed reduction in duty. It is strongly of the opinion that the manufacturers of synthetic camphor would absorb the saving of duty. To retain the present duty will open the way for domestic production of this commodity.

PARAGRAPH 225—OPTICAL GOODS

With the omission of the "basket clause" in paragraph 31 of the 1922 Act the duty upon spectacles, eye-glasses, goggles, and frames or parts thereof, is fixed at 20 cents per dozen and 15 per cent ad valorem when valued not over 65 cents per dozen; 60 cents per dozen and 20 per cent ad valorem when valued over 65 cents and not over \$2.50 per dozen; 40 per cent ad valorem when valued over \$2.50 per dozen. The result of this scale of duties is that upon optical goods valued between 45 cents and 65 cents per dozen the duty is lower than the present rate of 60 per cent under the basket clause of the Tariff Act of 1922. Also, in the case of optical goods valued above \$1.50 per dozen, the rate is reduced from the 60 per cent to as low as 40 per cent.

The manufacture of optical goods, including frames, goggles, etc., in the United States is a very large industry. That part of the production which consumes pyroxylin plastics and other products covered by paragraph 31, is estimated to amount to upwards of \$3,000,000 per year. With a reduction of duty from 60 per cent to as low as 40 per cent in some cases, this business will be seriously jeopardized—especially in the case of the more expensive frames ranging above \$2.50 per dozen there will almost surely be serious inroads of foreign manufacturers.

We therefore urge that this important industry be protected at least to the extent of the present act. For this purpose we request that a clause be added at the end of paragraph 225, as follows:

On page 46, line 13, after "ad valorem" insert a colon and the following:

"Provided, That none of the foregoing composed wholly or in chief value of any product provided for in paragraph 31 shall be subject to a less duty than 60 per centum."

PARAGRAPH 1510—BUTTONS

With the omission of the basket clause in paragraph 31 of the 1922 act the duty upon pyroxylin buttons would be reduced from 60 to 45 per cent ad valorem. The pyroxylin button industry in the United States, representing an output of at least \$750,000 per year, will be unable to meet foreign competition at this reduced rate. We therefore request that paragraph 1510 be amended so as to restore the rate of 60 per cent heretofore existing.

PARAGRAPH 1537—COMBS

The following table shows the importation of pyroxylin combs during the first four months of the current year:

Month	Quantity	Value
	<i>Pieces</i>	
January.....	607, 163	\$22, 117
February.....	700, 326	23, 280
March.....	2, 119, 160	69, 886
April.....	2, 392, 558	74, 670
	5, 819, 212	169, 953

The above tabulation shows the large volume of importations coming into the United States under the 1922 act bearing a rate of duty of 60 per cent ad valorem. In the face of these large importations, representing quantities of combs in excess of domestic production of similar articles, it appears quite obvious that the rate of 60 per cent is inadequate to enable the American comb manufacturers to continue their business.

The new tariff act provides for a duty of 1 cent plus 25 per cent ad valorem on combs not exceeding \$4.50 per gross, and 2 cents plus 35 per cent ad valorem on combs over \$4.50 per gross. This duty amounts to only 57 per cent in the case of combs valued at \$4.50 per gross—a lower duty than under the existing law. Examination of the importations as above tabulated will show that the average price of all of the combs brought in during the first four months is \$4.69 per gross, while a large part would come within the \$4.50 range. Combs with a foreign value ranging between \$3.50 and \$4.50 per gross are the most

important from the standpoint of volume and need of protection, and we strongly urge that the inequality which results in a reduced rate of duty should be corrected before the present tariff bill is enacted.

The investigation conducted by the tariff commission will show that the rate of 1 cent each and 60 per cent ad valorem, as requested in our original brief, is needed in order to equalize competitive conditions, and we urge that this rate be established.

PARAGRAPH 1554—UMBRELLA AND CANE HANDLES

With the omission of the basket clause from paragraph 31, the rate of duty upon handles of umbrellas and canes will be reduced from 60 to 40 per cent. This large American industry doing a business of at least \$1,500,000 a year, which has already been meeting severe foreign competition at the existing rates, will be seriously injured, and we therefore urge that paragraph 1554 be amended so as to restore the present rate of 60 per cent ad valorem.

PARAGRAPH 1686—SMOKELESS POWDER

The result of striking out the basket clause of paragraph 31 of the tariff act of 1922 was to transfer smokeless powder to the free list. During 1928 more than 11,000,000 pounds of old smokeless powder were imported to the United States for use in the manufacture of a lacquer. The placing of smokeless powder on the free list opens the way to importing smokeless powders into the United States for use in making lacquer and to nullify the protection intended to be granted to the lacquer industry in paragraph 31. A smokeless powder can be made readily from nitrocellulose (pyroxylin, as an example), which can also be used as a base for lacquers and other plastics. The cost of converting the nitrocellulose into a smokeless powder would be materially less than the protective duty specified under paragraph 31, so that the protection afforded such lacquer or plastic bases would be nullified to a very appreciable degree. The association urges that this paragraph be amended by excepting smokeless powder therefrom.

TRANSPARENT SHEETS FOR WRAPPING

Because of the fact that material of the type of cellophane has been classified under paragraph 31 of the act of 1922, and according to statement in the report of the Ways and Means Committee accompanying the tariff bill that "cellophane in sheet form falls under the provisions of the chemical schedule in paragraph 31," the Pyroxylin Association has conferred with the manufacturer of cellophane and appears in its behalf for the purpose of avoiding conflict between the different products included in paragraph 31.

Expert opinion has suggested that there is some ambiguity arising from the fact that the provision for "transparent sheets of cellulose" in subdivision 3 or bracket (b) appears as a subclassification under the general enumeration of "all compounds of cellulose," with which phrase the bracket is introduced.

In order to avoid any possibility of litigation, it is suggested that subdivision 3 of bracket (b) be made a distinct bracket of the paragraph and designated as (c). The best chemical opinion is that the cellulosic material in the sheets referred to is not normal cellulose but is a chemically modified cellulose usually designated as cellulose hydrate or hydrated cellulose.

It is also suggested that the word "transparent" be omitted from the provision, as these cellulose sheets are sometimes made in opaque or translucent form.

It is also desirable that the words "chiefly used for wrapping" be deleted. The industry of manufacturing these sheets is comparatively new in the United States and is constantly endeavoring to develop new uses for the product. While the sheets are chiefly used in wrapping at the present time, it is conceivable that other uses will be discovered which will leave their use as a wrapping material a minor use.

In accordance with the above comments, we make the following specific suggestion:

Subdivision 3 of bracket (b) to be made bracket (c) and modified to read as follows (new matter underscored, deleted matter crossed out) :

(2) (c) transparent sheets, bands or strips, whether imported in rolls, or otherwise, composed wholly or in chief value of cellulose, cellulose hydrate, hydrated cellulose, or any form of de-esterified, regenerated or chemically compounded or modified cellulose, not exceeding three one-thousandths of one inch in thickness and exceeding one inch in width, chiefly used for wrapping, by whatever name known, 45 per centum ad valorem; all manufactures, finished or partly finished of which any of the foregoing is the component material of chief value, not specifically provided for, 60 per centum ad valorem.

Respectfully submitted.

PYROXYLIN PLASTICS MANUFACTURERS ASSOCIATION,
By B. W. DOYLE, *Chairman.*
A. E. CAMERON, *For Tariff Committee.*

BUTYL ACETATE

[Par. 38]

STATEMENT OF H. A. GARDNER, WASHINGTON, D. C., REPRESENTING THE AMERICAN PAINT AND VARNISH MANUFACTURERS' ASSOCIATION

(Mr. Gardner was not sworn.)

Mr. GARDNER. I wish to present a brief for the American Paint and Varnish Manufacturers' Association. The attention of our association has been directed to paragraph 38 of the proposed tariff act of 1909, in which the duty of butyl acetate is made specific and increased to 7 cents per pound.

Butyl acetate is one of the most important raw materials of the lacquer industry. This industry, which has grown rapidly in importance and usefulness, is among the youngest of all American industries. It is entirely owing to the demands of this industry that butyl acetate has become an important article of manufacture and commerce; and it is entirely due to large use of butyl acetate as a solvent in the lacquer industry that the manufacturers of commercial solvents have been enabled to build up in a few years a very large and profitable business in this commodity. The present duty on this solvent has proved ample to exclude foreign competition, and the only possible effect of the proposed rate would be to increase the already high cost of producing lacquer. Such increase would inevitably be reflected in increased prices for lacquer, and ultimately of increased prices for the many manufactured articles of common use on which lacquer is now used as the protective and decorative finish. Among these are automobiles, furniture, and innumerable industrial products.

We earnestly hope that, in its final form, butyl acetate will be restored to its dutiable status under the present tariff act.

Senator KING. What company is it that you represent?

Mr. GARDNER. The American Paint and Varnish Manufacturers' Association.

Senator REED. Do you want to have the duty reduced?

Mr. GARDNER. Yes; the final paragraph of this brief states that we earnestly hope that in its final form butyl acetate will be restored to its dutiable status under the present tariff act.

The CHAIRMAN. You want it to go back in the basket clause?

Mr. GARDNER. We want it put back where it was in the act of 1922.

The CHAIRMAN. That is in the basket clause. It is made from corn; is it not?

Mr. GARDNER. It is made from corn, but the new processes contemplate the use of petroleum for the production of butyl acetate, so that every automobile that is varnished to-day with nitro-cellulose lacquer will consume petroleum, and consequently the lacquer will cost very much more than at the present time. It would raise the cost to the American automobile producer four or five dollars per automobile.

Senator BARKLEY. Do you mean this tariff would?

Mr. GARDNER. This tariff would make the lacquer cost 50 cents per gallon more than at the present time.

Senator KING. The Commercial Solvents Corporation, which has a balance-sheet here of no small proportions, has practically a monopoly on this now; has it not?

Mr. GARDNER. That is true.

Senator KING. And they are asking for an increase?

Mr. GARDNER. They are asking for an increase of 7 cents per pound, which is about 50 cents a gallon.

Senator KING. I shall have something to say about that in the record.

Senator EDGE. Do I understand that you are going to alter the process by which it is manufactured, and use a petroleum product?

Mr. GARDNER. Experiments are under way now which indicate that petroleum products can be made into butyl alcohol, from which butyl acetate is produced, so the monopoly would not go back to the farm owner who now supplies corn.

Senator EDGE. In other words, it will not be within the agricultural purview. You want a reduction in duty?

Mr. GARDNER. We want the duty that we had in the act of 1922.

Senator EDGE. I mean, you want a reduction from the House bill?

Mr. GARDNER. That is true.

SYNTHETIC AMYL ALCOHOL AND AMYL ACETATE

[Par. 39]

BRIEF OF THE SHARPLES SOLVENTS CORPORATION, BELLE, W. VA.

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.

GENTLEMEN: Your petitioner is a corporation organized in 1926 under the laws of the State of Delaware. We maintain offices at Philadelphia, Pa., and a factory at Belle, W. Va.

Our business is the manufacture of synthetic amyl alcohol and amyl acetate from pentane. Our process is covered by United States patents No. 1691424, No. 1691425, and No. 1691426, and by six United States patent applications now pending.

The production of amyl alcohol from pentane is mentioned in the report by the Committee on Ways and Means of the House of Representatives, Schedule

No. 1, Chemicals, oils, and paints, under the section entitled "Butyl alcohol, methanol, and other alcohols." (Report to accompany H. R. No. 2667.)

The purpose of this brief is to respectfully call your attention to the apparently unintentional omission of amyl acetate from specific mention in the Hawley tariff bill as presented to the House.

Kindly refer to paragraph No. 38. The tariff act of 1922 covers butyl acetate and amyl acetate, not specifically, but in the general clause "and ethers and esters of all kinds, not specially provided for, 25 per cent ad valorem." The tariff bill of 1929 provides that butyl acetate be made specifically dutiable at 7 cents per pound, and we would respectfully call to your attention the fact that unless amyl acetate is also similarly provided for the proposed duty on butyl acetate will not serve to protect the butyl-acetate industry in this country. At the same time we respectfully call to your attention the fact that the higher duty on butyl acetate alone as proposed will inevitably tend to legislate the domestic manufacture of amyl acetate out of existence.

RELATION OF AMYL ACETATE TO BUTYL ACETATE

Pyroxylin lacquers, which are being produced to-day in tremendous volume, are essentially solutions of nitrocellulose in solvents. The solvent is usually not a single liquid but a mixture of liquids having solvent power for nitrocellulose. An essential component of the mixture is a solvent whose rate of evaporation is much lower than that of ethyl acetate, in order to lay a film of suitable durability and covering power.

Before the development of the manufacture of butyl alcohol from corn the lacquer industry was compelled to rely on amyl acetate as the slowly evaporating solvent. At that time amyl acetate could be made only from the amyl alcohol occurring in fusel oil as a by-product of the fermentation industry. The available supply of amyl acetate was so limited as to seriously limit the production of lacquer. However, butyl acetate proved to be a satisfactory substitute for amyl acetate, with the result that the large production of butyl alcohol (from which the butyl acetate is manufactured) enabled the lacquer industry to expand to its present important position.

No single solvent is indispensable to the lacquer industry; lacquers are equally satisfactory made with butyl acetate or with amyl acetate, but amyl acetate commands a higher market price for the reason that it evaporates more slowly and will therefore tolerate the admixture of more of the cheaper ethyl acetate in the solvent mixture.

Although a few years ago the only source of amyl alcohol was the by-product, fusel oil, at the present time there are several other sources.

Our manufacture of amyl acetate from fusel oil is probably its largest source, but increasing amounts of amyl acetate are now being produced synthetically at Leuna, Germany, by the I. G. in what is known as the methanol process. We may mention also the production of amyl alcohol from the by-product resulting from the cracking of petroleum.

In the manufacture of amyl acetate by the methanol process it is possible to regulate the relative proportions of butyl acetate and amyl acetate. If it should become no longer profitable for Germany to export amyl acetate to this country, they can conveniently divert their operations to amyl acetate, and every gallon of amyl acetate brought into this country will be equivalent to 1 1/4 gallons of butyl acetate. The reason for this ratio of consumption is that one gallon of amyl acetate plus two-thirds of a gallon of ethyl acetate is equivalent to 1 1/4 gallons of butyl acetate.

It thus becomes of greater importance to the butyl-acetate industry to limit the importation of amyl acetate than to limit the importation of butyl acetate, provided both materials are available for import.

During the International Conference on Bituminous Coal at Pittsburgh, Pa., in November, 1928, it was stated by Dr. Carl Krauch, director of I. G. according to the catalysts applied and the conditions of reaction that they are able to obtain from carbon monoxide and hydrogen either methanol exclusively or the higher alcohols (such as butyl and amyl) in varying proportions or synthetic gasoline. "We are thus enabled to adapt the hydrogenation process to the fluctuations of the market." The rate at which the I. G. operations are expanding is illustrated by Doctor Krauch's statement referring to hydrogenation: "At present we have reached at Leuna an annual production of 70,000 tons of (synthetic) gasoline. At the end of next year we hope to be able to raise the production to 250,000 tons."

IMPORTS

Since 1925 the importation of butyl acetate has increased sharply. Quoting from the Summary of Tariff Information, 1929, Schedule 1, Chemicals, oils, and paints, page 196:

"From March to December, 1927, inclusive, 4,958,560 pounds of butyl acetate, valued at \$679,499 (unit value=\$0.137), were imported, and in 1928, 5,347,902 pounds, valued at \$701,827 (unit value=\$0.131)."

On the other hand, importation of amyl acetate has decreased since 1925. Quoting from the above source, page 198:

Imports: Imports of amyl acetate have decreased since 1925. Statistics of imports follow:

Calendar year	Rate of duty	Quantity	Value	Duty collected	Value per unit of quantity	Actual or computed ad valorem rate
		<i>Pounds</i>				<i>Per cent</i>
1922 (Jan. 1-Sept. 21).....	5 cents per pound.....	200	\$258	\$10	\$1.290	3.99
1923.....	25 per cent.....	26,418	9,612	2,403	.364	25.00
1925.....	do.....	20,534	7,160	1,790	.349	25.00
1926.....	do.....	5,412	2,564	641	.474	25.00
1927.....	do.....	300	150	38	.500	25.00
1928.....	do.....	539	211	53	.391	25.00

The unit value of amyl acetate, as shown, is very much higher than the unit value of butyl acetate for the reason that the amyl acetate imported was of an exceptionally high grade for very special purposes. The amyl acetate, which is reported as having been imported in 1928, is of a grade not competitive with butyl acetate, but it is known that some amyl acetate in admixture with other solvents has been imported in 1928 to compete with domestic lacquer solvents.

The cost of manufacture of the amyl acetate now being produced synthetically by the methanol process is about the same as that of the butyl acetate from this process; and inasmuch as amyl acetate can be sold in the United States at a slightly higher price than butyl acetate, it should prove to be an attractive commodity for importation unless it is made dutiable at at least as high a rate as butyl acetate.

Fusel oil is being manufactured in particularly large quantities in countries in which large quantities of distilled intoxicating liquors are produced. Fusel oil, as a by-product, has no direct cost of manufacture and its value is fixed by the demand for alcohols of this character coupled with the supply of competing alcohols. Just as amyl acetate and butyl acetate are interchangeable in lacquers produced in this country, these acetates are also interchangeable in the lacquer produced abroad. If it becomes no longer profitable for butyl acetate to be exported into the United States, the butyl acetate being produced abroad will find local markets and will divert the fusel-oil amyl acetate into export channels.

DOMESTIC PRODUCTION OF AMYL ACETATE

Amyl alcohol (from which amyl acetate is manufactured) is at the present time being produced by several concerns in this country. Among the processes in use may be mentioned the methanol process which produces primary iso-amyl alcohol; the sulphuric-acid hydration process which produces secondary amyl alcohol from petroleum cracking olefines; and our process for the production of a mixture of amyl alcohols from pentane.

By far the largest amount of synthetic amyl alcohol is produced by our plant at Belle, W. Va. Our production as amyl acetate has been as follows:

Year	Pounds
1927.....	2,356,622
1928.....	4,482,935
1929 (5 months).....	3,004,513

Our plant, located 12 miles southeast of Charleston, W. Va., in Belle, covers approximately 12 acres; represents an investment of between \$1,500,000 and \$2,000,000; does a business of approximately \$1,500,000 per annum; employs between 100 and 200 men with an annual pay roll of \$250,000. The plant is 33 months old and has been in successful operation since January 1, 1927.

Our process of manufacture consists in the removal of the pentane fraction of natural gasoline by distillation, the chlorination of this pentane to form amyl chloride, and the hydrolysis of amyl chloride to form amyl alcohol. The amyl alcohol is further processed with acetic acid to form amyl acetate.

No imported amyl acetate offers greater purity than our amyl acetate, and the reception of our amyl acetate by the lacquer industry has been quite satisfactory at the price levels now prevailing in the American market. Naturally, however, synthetic manufacture of this type involving products of a corrosive nature has required a large capital expenditure and continues to require considerable expenditures for maintenance.

Present prices do not offer attractive margins of profit, and an unfavorable tariff position will make it uneconomical to continue.

CONCLUSION

We respectfully suggest that paragraph No. 38 be amended to read as follows:

"PAR. 38. Ethers and esters: Diethyl sulphate and dimethyl sulphate, 25 per cent ad valorem; ethyl acetate, 3 cents per pound; butyl acetate, 7 cents per pound; amyl acetate, 7 cents per pound; ethyl chloride, 15 cents per pound; ethyl ether, 4 cents per pound; and ethers and esters of all kinds not specially provided for, 25 per cent ad valorem: *Provided*, That no article containing more than 10 per cent of alcohol shall be classified for duty under this paragraph."

Because—

1. Synthetic amyl acetate is being produced abroad in increasing quantities at about the same cost as synthetic butyl acetate.

2. Large quantities of amyl acetate are being produced abroad from fusel oil, a by-product of fermentation industries.

3. The amyl acetate produced abroad is now being consumed abroad, while butyl acetate is being exported to the United States. If the tariff act discriminates in favor of butyl acetate this situation will be reversed, because the two solvents are interchangeable in lacquer.

4. Every gallon of amyl acetate imported is equivalent to 1.25 gallons of domestic butyl acetate or 1 gallon of domestic amyl acetate. The duty on 1.25 gallons of domestic butyl acetate or 1 gallon of domestic amyl acetate would thus injure the domestic amyl acetate industry.

5. We are the largest producers of amyl acetate in the world. Our plant is entirely American and new, and our production is increasing. The present tariff is a disadvantage to the American industry. An unfavorable tariff will result in the loss of our business.

6. Our amyl acetate is of a higher quality than any produced by the domestic industry and is not surpassed in quality by any other article.

Respectfully submitted,



[Par. 41]

STATEMENT OF ADRIAN H. HUMPHREYS, REPRESENTATIVE OF THE HEYDEN CHEMICAL COMPANY, GARFIELD, N. J.

(The witness was duly sworn before the Senate Committee.)
 Senator SMOOR. You are here on behalf of formaldehyde.
 Mr. HUMPHREYS. Yes, sir. I represent the Heyden Chemical Works, of Garfield, N. J. We are interested in paragraph 41, pertaining to formaldehyde and kindred products.

Senator SMOOT. The House bill is exactly the same as the existing law, is it not?

Mr. HUMPHREYS. Our basic raw material is methyl or wood alcohol, the duty on which has been increased 50 per cent.

Senator KING. You are opposed to that?

Mr. HUMPHREYS. Increase ours proportionately or put the alcohol duty back where it was.

Senator KING. What company do you represent?

Mr. HUMPHREYS. Heyden Chemical Works.

Senator KING. Just state in a word what you want.

Mr. HUMPHREYS. We want formaldehyde increased $\frac{1}{2}$ cent a pound if the duty embodied in the House bill on methanol remains at 18 cents a gallon.

Senator EDGE. In other words, you want a compensatory duty, is that it?

Mr. HUMPHREYS. Yes. We consume 75 per cent of all of the raw material that might be competitive with foreign manufacturers. Therefore increasing the duty on alcohol simply increases our costs but does not protect anything, because the German manufacturers of synthetic alcohol can manufacture formaldehyde and its kindred products and flood this country with them.

Senator EDGE. Mr. Humphreys, your product has no relation whatever to agriculture?

Mr. HUMPHREYS. Formaldehyde is used extensively agriculturally for the—

Senator EDGE. No; no; I mean the component parts?

Mr. HUMPHREYS. No, sir; not at all.

Senator EDGE. Nothing to do with agriculture?

Mr. HUMPHREYS. No.

Senator EDGE. If you had not been permitted to come before the Finance Committee, this effort to reduce the duty, as proposed in the House bill, could not have been made before the committee? In other words, if you were not permitted to come before this committee, you could not have given this evidence?

Senator BARKLEY. That is self-evident.

Senator EDGE. I know it is self-evident, but I want it in the record.

Senator KING. Now, that you are here you can give it?

Senator EDGE. Maybe we can use it on the floor of the Senate.

Mr. HUMPHREYS. Aside from formaldehyde, another product that we make from formaldehyde when combined with anhydrous ammonia is hexamethylenetetramine.

Senator KING. What page is that?

Mr. HUMPHREYS. Paragraph 41. We will call that hexamine for short.

Senator KING. What do you want on that?

Mr. HUMPHREYS. That has at the present time a 25 per cent ad valorem duty.

Senator SMOOT. You want that?

Mr. HUMPHREYS. We wanted that put on a flat-rate basis just as the raw materials are, for the simple reason that an ad valorem duty is not workable. At the present time the foreign price is about 28 cents a pound.

Senator KING. But you have no competition in this? You have only 5,000 pounds as against more than 1,315,000 pounds produced.

Mr. HUMPHREYS. Two years ago by presidential order the raw material, methyl alcohol, was increased to 18 cents a gallon. At that time our price here under which we could operate and make money, I think you will see there, was about 80 cents a pound.

Senator KING. Sixty-four cents.

Mr. HUMPHREYS. Since that time foreign competitors have been able to manufacture the finished goods and ship them into this country, and to keep them out we cut our prices until to-day our prices run from 40 cents to 48 cents.

Senator KING. You have only 5,000 pounds as against 1,300,000 pounds?

Mr. HUMPHREYS. We keep them out by meeting foreign prices. We can not keep that up forever. But we do not want them to get a foothold in America.

Senator KING. You want an embargo?

Mr. HUMPHREYS. No; we want a reasonable protection.

Senator KING. Do you want more than 25 per cent?

Mr. HUMPHREYS. No; we want the duty on hexamethylenetetramine to be figured on the same flat rate that the raw materials are figured, which are methyl alcohol, formaldehyde, and anhydrous ammonia. The flat duty on formaldehyde and anhydrous ammonia to-day figures out 11½ cents a pound on every pound of hexamethylenetetramine that is manufactured. The ad valorem duty only figures out about 7 cents a pound. In other words, we are paying out in duty 4½ cents more to-day on our raw material. We are merely asking that this be put on flat-rate basis just like our raw materials are.

Senator BARKLEY. What are the present figures?

Mr. HUMPHREYS. The present duty on anhydrous ammonia is 2½ cents. To produce one pound of hexamethylenetetramine requires about 4½ pounds of formaldehyde and 1 pound of anhydrous ammonia. Four and a half pounds of formaldehyde at 2 cents would be 9 cents, and 1 pound of anhydrous ammonia at 2½ cents would make a total duty of 11½ cents.

Senator BARKLEY. You want a duty of 11½ cents instead of 7 cents?

Mr. HUMPHREYS. Eleven and a half cents would merely cover the differential in our case. That is the reason we say that there should be a flat duty on the hexamethylenetetramine just the same as there is on formaldehyde and anhydrous ammonia.

Senator KING. What duty do you want on hexamine?

Mr. HUMPHREYS. We want 15 cents on it in order to protect our business.

Senator KING. Fifteen cents a pound?

Mr. HUMPHREYS. Yes.

Senator KING. You have 25 per cent now?

Mr. HUMPHREYS. Twenty-five per cent ad valorem.

Senator KING. You want a specific?

Mr. HUMPHREYS. We want a specific of per pound.

Senator SMOOT. I think 11½ cents is the way it figures out.

Mr. HUMPHREYS. No, 11½ cents is merely the other fellow's burden that we are carrying. That is simply our cost. That gives us no protection.

Senator KING. That would give you an increase over existing law of 100 per cent, would it not?

Mr. HUMPHREYS. Yes. But under the existing law—

Senator KING. Will you furnish us a statement showing your capital stock, your profits, and everything?

Mr. HUMPHREYS. I can tell you our capital stock.

Senator KING. No, will you give us a statement of it?

Mr. HUMPHREYS. I was going to say, our capital stock at the present time is \$1,500,000, common, and \$310,000 preferred stock. That represents a deflated capital on actual cost of plants of over \$5,000,000, and in ten years we paid one dividend of 50 cents a share.

I should like to file a brief with the committee.

(Mr. Humphreys submitted the following brief:)

BRIEF OF THE HEYDEN CHEMICAL CORPORATION, GARFIELD, N. J.

The undersigned respectfully petition Congress to increase and adjust the existing duties on formaldehyde, paraformaldehyde and hexamethylene tetramine (par. 41, Schedule 1) to equalize the increase in duty on the raw material, methyl or wood alcohol (par. 4, Schedule 1).

PRESENT DUTY ON FORMALDEHYDE, ETC.

Paragraph 41, Schedule 1: Formaldehyde, 2 cents per pound; paraformaldehyde, 8 cents per pound; hexamethylene tetramine, 25 per cent ad valorem.

(NOTE.—These products are made from methyl or wood alcohol.)

NEW DUTY ON RAW MATERIAL

Paragraph 4, Schedule 1: Alcohol, methyl or wood, 18c per gallon.

(NOTE.—The duty on the raw material has been increased from 12 to 18 cents per gallon, but there has been no corresponding increase on the finished product of formaldehyde, etc.)

DUTY ON FORMALDEHYDE, ETC., NECESSARY TO EQUALIZE NEW DUTY ON RAW MATERIAL

Formaldehyde, 2½ cents per pound; paraformaldehyde, 10 cents per pound; hexamethylene tetramine, 17 cents per pound.

We submit the following reasons in support of this petition:

1. Duty on raw material (wood or methyl alcohol) has been increased 50 per cent under presidential order and the House bill, but no corresponding increase has been made in duty on finished product.

2. Manufacture of the finished goods under paragraph 41 consume major part of domestic output of raw material (methyl alcohol).

3. Foreign imports of raw material (methyl alcohol) caused presidential order increasing duty on same from 12 to 18 cents.

4. Foreign manufactures of the raw material (methyl alcohol) also manufacture the finished goods under paragraph 41 (formaldehyde, etc.).

5. Foreign manufacturers by virtue of low costs and inequitable tariff now ship to this country goods enumerated in paragraph 41 at prices below American cost of manufacturing.

6. There is over \$5,000,000 invested in plant and inventory in this country for manufacture of formaldehyde, etc., which can not be used for any other purpose.

7. If paragraph 41 is not modified, it would be to advantage of this industry to abandon its plants in this country, move operations to Europe, importing the finished goods and distributing same with its present sales organization. Such a move would not only destroy the formaldehyde industry but injure seriously

the wood (methyl) alcohol industry as well because this industry is the largest customer of the wood (methyl) alcohol manufacturers.

8. Increase in rates of paragraph 41 absolutely necessary to save industry from destruction by foreign competition.

CHARACTER OF BUSINESS

A large percentage of formaldehyde, paraformaldehyde, and hexamethylene tetramine produced in the United States is manufactured by the Heyden Chemical Corporation at Garfield, N. J., and Perth Amboy, N. J., and the Roesler & Hasslacher Chemical Co. at Perth Amboy, N. J.

The principal ingredient of the above products is methyl or wood alcohol.

Methyl or wood alcohol, generally called methanol, was distilled for many years from wood. The wood alcohol industry in the United States grew to good proportions and enjoyed prosperity under protective tariff. The 1922 act gave it protection of 12 cents per gallon.

About five years ago foreign manufacturers invented a process of making synthetic methyl alcohol as a by-product of coal tar and caustic potash. The cost was much cheaper than the natural wood alcohol and this synthetic product was shipped into the United States in large quantities thus destroying the market for the domestic product.

Upon complaint and investigation by the Tariff Commission, the duty was increased by presidential order from 12 to 18 cents per gallon, but it took two years to get this relief.

Paragraph 4 of Schedule 1 of the House bill contains the said increased rate of 18 cents per gallon, and while this affords protection to the manufacturers of our raw materials, a corresponding adjustment of protection to the derivatives of methyl alcohol as enumerated in paragraph 41 of Schedule 1 has not been made.

The effect of this omission will be apparent from the following figures.

The wood distillation industry of the United States produced in 1929 about 10,250,000 gallons, of which the domestic consumption is estimated as follows:

	Gallons
Denaturing grade.....	3, 000, 000
Formaldehyde.....	4, 000, 000
Methyl acetone.....	750, 000
Pure methanol, other uses.....	750, 000
95-97 per cent methanol.....	900, 000
Total.....	9, 400, 000

Synthetic methanol can not be used for denaturing, and therefore the foreign competition on the synthetic product could only affect a maximum of 6,400,000 gallons, of which 4,000,000 gallons were used in the production of formaldehyde and its kindred products.

The foreigners making the synthetic methanol are also equipped to make formaldehyde and its kindred products. Since 75 per cent of the competing raw material (synthetic methanol) goes into formaldehyde, etc., the increased duty on the raw material is of little or no value to the American industry unless the finished product is also protected.

The manufacturers of formaldehyde, etc., have invested huge sums in plant and equipment, none of which can be adapted to other uses, and which industry now threatens to be destroyed by the same foreign competition that threatened the wood distillation industry at the time of the presidential order.

USES OF FORMALDEHYDE, PARA-FORMALDEHYDE, AND HEXAMETHYLENE TETRAMINE

Formaldehyde.—One of the strongest and most efficient disinfectants known. Indispensable in the manufacture of color dyes. Many of the important colors could not be made without formaldehyde. Indispensable in bleaching and printing of textile products, as well as in making parchment and coated papers. Used by the beet and cane sugar industries to prevent fermentation of products while in storage. Used in farming to kill spores, smut, and potato scab. Advocated by the Forestry Department of the United States in new process of making glue. Formaldehyde combined with casein forms a substance which yields beautiful ornaments for ladies' wear, such as buttons, buckles, pins, etc.

Formaldehyde is indispensable in the manufacture of plastic materials, such as electrical insulators, radio and automobile parts, as well as household appliances. There is hardly a field of human enterprise or industry where formaldehyde does not play an important rôle, and when we finally die our bodies are preserved with embalming fluid made from formaldehyde.

Paraformaldehyde.—Paraformaldehyde is a concentrated solid form of formaldehyde; 1 pound of paraformaldehyde is equal to about 4 pounds of formaldehyde.

Hexamethylene tetramine.—Hexamethylene tetramine is also known under the name of hexamine. It is produced by a combination of formaldehyde and anhydrous ammonia, resulting in a white crystalline substance.

Its medical use is important as it acts as an intestinal antiseptic, as a disinfectant for the kidneys and the bladder and all the intestinal tracts.

Its use in the manufacture of cork and artificial cork is extensive.

Like formaldehyde, it is important in the manufacture of plastic materials such as electrical insulators, radio and automobile parts, known as Bakelite. Combined with phenol it yields very fine products which have the appearance and characteristics of amber, ebony, onyx, and semiprecious stones, all of which are used in making pipes and cigarette holders, jewelry and ornaments, fountain pens, desk sets, and a large variety of toilet and household articles.

It is used in the vulcanation of rubber, acting as an accelerator of the process.

It is indispensable in the neutralization of poisonous gases. It is used in gas masks, such as are employed in the various mining and manufacturing enterprises, where men are exposed to dangerous gases, such as chlorine, bromine, phosgene, etc. In case of war the importance of this product can not be overestimated, because without it gas masks would be of no value.

There are about 1,500,000 pounds of hexamethylene tetramine used only in the United States in the manufacture of which about 6,000,000 pounds of formaldehyde and 3,000,000 pounds of ammonia are consumed.

INCREASES OR ADJUSTMENTS REQUESTED

Formaldehyde.—The present duty is 2 cents per pound. The duty on our raw material (methyl alcohol) has been increased 50 per cent. However, we only ask that the duty on formaldehyde be increased to 2½ cents per pound.

Paraformaldehyde.—The present duty is 8 cents per pound. The 50 per cent increase of duty on the raw material (methyl alcohol) should also be reflected here. However, we only ask for an increase to 10 cents per pound.

Hexamethylene tetramine.—The present duty is 25 per cent ad valorem; this is unscientific, unworkable, and inconsistent with the flat rate duty on the raw materials (methyl alcohol, formaldehyde, and anhydrous ammonia). We ask a fixed rate of 17 cents per pound based on the following facts:

The European market prices for hexamethylene tetramine is about 27 cents per pound, and a 25 per cent duty equals less than 7 cents per pound, making a total of about 31 cents a pound. This is considerably less than the cost of manufacture in the United States.

To produce 1 pound of hexamethylene tetramine requires about 4½ pounds formaldehyde and 1 pound of anhydrous ammonia. The computation of the raw material duty would be as follows:

	Cents
4½ pounds formaldehyde, at 2 cents.....	9
1 pound anhydrous ammonia.....	2½
Total.....	11½

If the duty on formaldehyde is increased to correspond with the increase on methyl alcohol, the computation would be as follows:

	Cents
4½ pounds formaldehyde, at 2½ cents.....	11½
1 pound anhydrous ammonia.....	2½
Total.....	13½

Compare these computations with the present effectual duty of 7 cents (25 per cent ad valorem on 27 cents European market price) and it will be readily

seen that the duty should be at least a flat rate of 13½ cents to equalize the duty on raw material.

If American industry and labor is to be protected against cheaper European labor, this flat rate of duty should be 17 cents.

CONCLUSION

We simply ask that Congress protect our industry from foreign invasion that disturbed the methyl alcohol industry several years ago, caused the investigation by the Tariff Commission and which resulted in the increase of 50 per cent in the duty on that raw material.

Paragraph 4, schedule 1 contains the increased duty on this raw material without giving us corresponding protection. The result is the entrance of foreign manufactured finished goods instead of the raw material into our market at prices lower than our cost of production.

Since our industry consumes 75 per cent of the raw material affected by foreign competition and the increased duty of methyl alcohol, it is imperative that we have corresponding increases on formaldehyde, paraformaldehyde, and more particularly hexamethylene tetramine to save us from this destructive foreign competition.

Respectfully submitted.

HEYDEN CHEMICAL CORPORATION,
Garfield, New Jersey.
Perth Amboy, New Jersey.

ADRIAN C. HUMPHREYS,
Counsel, Washington, D. C.

EDIBLE GELATIN

[Par. 42]

BRIEF OF THE NEW YORK AGENCY OF DELFT GELATINE WORKS

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: We respectfully submit to your committee the following request for reduction of the rate of duty on edible gelatine.

Our case was presented by us before the Committee on Ways and Means of the House of Representatives. This committee proposed an increase of the duty on edible gelatine of 1½ cents per pound, which increased duty now appears in the bill at present under consideration by your committee.

It is our earnest opinio that this increase can not be considered as fair according to the facts and figures which are available in regard to edible gelatine, and which will, no doubt, have been placed at the disposition of your committee by the United States Tariff Commission.

We take the liberty to give you hereunder the arguments on which we base our petition for a reduction:

RATES OF DUTY

Act of 1909, paragraph 23: Gelatine valued at not above 10 cents per pound, 2½ cents per pound. Gelatine valued at above 10 cents per pound and not over 35 cents per pound, 25 per cent ad valorem. Gelatine valued above 35 cents per pound, 15 cents per pound and 20 per cent ad valorem.

Act of 1913, paragraph 34: Gelatine valued not above 10 cents per pound, 1 cent per pound. Gelatine valued above 10 cents per pound and not above 25 cents per pound, 15 per cent ad valorem. Gelatine valued above 25 cents per pound, 25 per cent ad valorem.

Act of 1922, paragraph 42: Edible gelatine valued at less than 40 cents per pound, 20 per cent ad valorem and 3½ cents per pound. Edible gelatine valued at 40 cents per pound or more, 20 per cent ad valorem and 7 cents per pound.

New rate, pending bill: Edible gelatine valued at less than 40 cents per pound, 20 per cent ad valorem and 5 cents per pound. Edible gelatine valued at 40 cents per pound or more than 40 cents per pound, 20 per cent ad valorem and 7 cents per pound.

Value of imports of edible gelatine into the United States.—All of the edible gelatine imported into this country comes under the bracket "Valued less than 40 cents per pound."

Comparison of duties in dollar cents per pound

	For gelatine valued at—		
	20 cents per pound	25 cents per pound	30 cents per pound
According to tariff act of—			
1909.....	5 cents.....	6¼ cents.....	7½ cents.
1913.....	3 cents.....	3¼ cents.....	7½ cents.
1922.....	7½ cents.....	8½ cents.....	9½ cents.
New tariff bill.....	9 cents.....	10 cents.....	11 cents.

The above figures demonstrate that the present duty on edible gelatine provided in the act of 1922 is the highest which ever existed. The new bill as shown above proposes a duty still 1½ cents per pound higher.

Cost of Production.—The different costs of production in the years 1924 and 1925 in the United States and in Holland were ascertained by the United States Tariff Commission, and the results of their investigation were laid down in their Preliminary Statement of Information, published December 27, 1928. The conclusion at which the Tariff Commission arrives on page 28, Table 16, Paragraph 6, is as follows:

Costs at market in the United States, present duty included, depreciation adjusted

Year	United States	Netherlands
1924.....	100.0	100.6
1925.....	100.0	104.1
Average 1924-25.....	100.0	107.4

The average jelly strength of the gelatine imported from the Netherlands was proved by the experts of the United States Tariff Commission to be less than the average jelly strength of the gelatine made in the United States. The jelly strength being the dominating factor in the determination of the value of a gelatine, it is logical that the cost price of the Netherlands gelatine should be adjusted in the ratio of values. This adjustment raises the figures for the Netherlands in 1924 by about 11 per cent, in 1925 by about 6 per cent, bringing the Netherlands figures for 1924 to 120.6 per cent, for 1925 to 110.1 per cent; average, 115 per cent of the American cost.

The inclusion of selling expenses of both the American and the Netherland product will still more increase the Netherland cost as against the American cost, and bring same for 1924 to 123 per cent, for 1925 to 118 per cent, of the American cost.

Cost of production in the Netherlands at present.—As no great changes have taken place in regard to the manufacture of gelatine either in the United States or in Holland, except, of course, temporary changes in prices of raw material, etc. (according to world market conditions which affect both the foreign and domestic manufacturer to the same extent), there is no doubt that the present situation is for all practical purposes identical to the situation in 1924 and 1925, and that consequently at this moment the comparative production costs of the United States product and the Netherland product still show the same percentages as in 1924 and 1925.

Reason for reduction of the rate of duty provided in the act of 1922.—The above figures of cost of production show that the duty provided in the act of 1922 far more than offsets the difference in the cost of production here and in the Netherlands, and we think it seems to be indicated that in the desire to

equalize comparative production costs, the present duty provided in the act of 1922 be lowered.

Edible gelatine being chiefly used in the manufacture of important food products (such as confectionery, ice cream, jellies, bakery products, and in the manufacture of capsules for the administration of medicines), it will be of great importance to the above-named manufacturers for whom gelatine is an important raw material, as well as to the American public which consumes the articles produced by the above-mentioned industries, and which consequently has to pay the existing excessive duty, that this duty will be lowered.

Increasing production and consumption against decreasing imports.—Table 3, page 9, of the United States Tariff Commission's Preliminary Statement is recapitulated hereunder, adding the figures for later years as published by the United States Department of Commerce:

Year	Production of edible gelatin in the United States	Total imports of edible gelatin into the United States	Estimated consumption after consideration of exports	Estimated consumption after consideration of difference in stocks	Total imports represent the following percentage of the estimated consumption
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	
1922.....	13,321,600	2,818,377	15,878,285	15,800,000	17.8
1924.....	14,204,800	3,272,231	17,064,789	17,000,000	19.2
1925.....	12,535,100	3,171,490	15,245,107	15,200,000	20.9
1926.....	15,473,200	2,420,857	17,612,683	18,200,000	13.3
1927.....	17,548,000	2,741,112	19,982,076	20,500,000	13.3
1928.....	17,069,600	1,895,868	18,761,565	18,141,318	10.4

This table indicates that while the production and consumption of edible gelatine in the United States increased rapidly during the last six years, the imports have decreased considerably, so that during 1928 imports only represented 10.4 per cent of the consumption as against 20.9 per cent in 1925.

These figures of growing domestic production and consumption against decreasing imports offer further evidence for our contention that the present duty on edible gelatine is already considerably too high.

RECAPITULATION

First. The cost of production of imported edible gelatine, present duty (act of 1922) included, is already considerably higher than the cost of the domestic-made product.

Second. Production and consumption in the United States are rapidly growing.

Third. Imports are continually and very considerably decreasing.

Fourth. Domestic producers, who are as a matter of fact, principally the packers and their allies, who directly or indirectly control the gelatine industry of this country, are already more than adequately protected by the rate of duty provided in the tariff bill of 1922.

Fifth. There is no reason at all for the proposed increase in the rate of duty on edible gelatine, and every reason for the decrease we are requesting herewith.

Consular Invoice Prices—Quantities and qualities sold on the home market.—In the brief presented by the Edible Gelatine Manufacturers' Research Society of America to the Ways and Means Committee of the House of Representatives, in January, 1929, this society stated that in the years 1924 and 1925 the one producing plant in the Netherlands (which is the chief competing country, as imports of edible gelatine into the United States come largely from the Netherlands) exported 85 per cent of its production to this country, and that the goods were imported on consignment invoices at a foreign declared value which was below cost of production.

We are pleased to have this opportunity to submit to your committee our comments on the above statement.

Consular invoices.—The Delft goods being consigned to us, the Delft company is obliged according to the present tariff law to invoice on consignment invoices, and to declare on such invoices the home-market value. Prior to the Tariff

Commission's investigation, the prices on the Dutch market had been checked by an agent of the United States Treasury Department, who ascertained their being exactly identical to the Delft consular invoice prices.

Quality Sold on the Home Market.—At the hearing before the Tariff Commission on January 27, 1927, Mr. J. van Stolk, managing director of the Delft Works, declared that they were selling in Holland the same grades as were shipped to the United States. After that hearing, in the course of 1927, another investigation was made at the Delft Works by an agent of the United States Treasury Department; this time to ascertain whether the qualities of the gelatine Delft was selling in Holland corresponded to those of their shipments to the United States, and it was proved that they were exactly identical, viz, that the gelatine fully complied with the requirements of the American food laws, and that in all other respects the grades sold in Holland were identical to those shipped to the United States.

Though the European countries have no food laws as strict as the United States food laws, the Delft company has always taken pride in supplying their customers in Europe as well as in the United States with a very pure product, even if the food laws of the respective country did not require as much. It may at this moment be pointed out that the high quality of the product we have put on the American market has been one of the chief reasons why domestic manufacturers have been obliged to improve their own qualities. Delft has always been identical to quality.

Prices ruling on the home market.—Because the population of the European Continent is accustomed to the use of cereals and dairy products for desserts, the Holland market for gelatin is not big. However, the Delft company is trying its hardest to increase their sales. As in any other market, the price ruling on the Holland market are the consequence of the law of supply and demand. In Holland there is consumed, besides the Delft goods, gelatin which is imported from other European countries in quite appreciable quantities. These imports into Holland prove that the Delft prices in Holland are not fixed by Delft at too low a level, as the representative of the American manufacturers seemed to hint at the hearing before the Ways and Means Committee on January 8, 1929. At the time of the Tariff Commission's investigation Delft was working at a loss, as probably other gelatin factories in other countries were also doing at that time. Delft preferred to provisionally continue working at a loss rather than to close their plant, which, with overhead continuing, would have caused them still heavier losses. That is why at the time they sold a portion of their production in Europe slightly below cost rather than not sell it at all. Consequently, the consignment invoice prices at the time were a little below production cost, which your committee may be convinced was regretted by the Delft company in the very first instance.

The net proceeds of our sales in the United States market, duty and selling expenses deducted, were, however, never inferior to the net proceeds of the sales on the home market; consequently, there was never any question of "dumping," if this is what the representative of the American manufacturers meant when mentioning this point at the hearing before the Ways and Means Committee on January 8, 1929.

Since 1925 the situation, as far as invoice prices versus cost prices are concerned, has changed entirely. The average of the Delft consignment invoice prices during the year 1928 was fully 30 per cent higher than the average invoice prices in 1925, whereas during the first three months of 1929 the average consignment invoice price was 45 per cent higher than the average invoice price in 1925, the duty being levied on the consular invoice price. This increase of the invoice price has, of course, caused a considerable raise of the amount of duty paid per pound of gelatin. Twenty per cent ad valorem on an increase of 45 per cent of the invoice price has consequently raised the amount of the duty to be paid by another 9 per cent of the invoice price, and this again makes the cost of the Netherland gelatin at market in the United States, duty paid, just now still considerably higher than the 115 per cent as against the cost of the American gelatin at 100 per cent.

Quantities sold by Delft on the American market.—Since the Tariff Commission's investigations concerning the years 1924 and 1925 the imports of edible gelatin into this country have decreased considerably, which is already shown by the figures given above, and consequently the Delft works have sold considerable quantities in other countries, which means that the percentage which our sales on the American market form of the Delft total sales in 1924 and 1925 has since then dropped regularly and considerably.

CONCLUSION

We think it is proper to emphasize to your committee that a comprehensive investigation by the United States Tariff Commission did not show that an increase of duty was justified when foreign and domestic costs of production were taken into consideration.

The investigation by the Tariff Commission was very thorough. Absolute production cost figures were secured from our factory in Holland and also the American costs. Inquiry was made by an impartial United States Government body. After the investigation, and after the reports were coordinated and analyzed, a hearing was had before the commission, at which both sides of the case were represented. This hearing was held in January, 1927. It is reasonable to suppose that, as no action had been taken by the commission looking to an increase in duty from that time to this, the commission was satisfied that the facts ascertained did not justify any increase in the rate of duty. It would seem that when no action is taken in two and one-half years after the subject has been thrashed out in a public hearing that we are justified in claiming that the duty should certainly not be increased.

On the contrary, the facts as brought out in this investigation and discussed freely and openly in the hearing point to a reduction of duty on the basis of comparative production costs. As a matter of fact, in fairness to the report of the Tariff Commission investigators, the duty should be reduced below that in the present law of 1922.

It seems to us that the proper duty to put on edible gelatin, valued at less than 40 cents, is 2 cents per pound and 15 per cent ad valorem. We ask that this be done by your committee.

Respectfully submitted.

NEW YORK AGENCY OF DELFT GELATINE WORKS
(Sole importers of Delft gelatin),

By G. J. SCHILDT, *Agent*.

BRIEF OF THE EDIBLE GELATIN MANUFACTURERS' RESEARCH SOCIETY OF AMERICA (INC.)

GENTLEMEN: The Edible Gelatin Manufacturers Research Society of America (Inc.), composed of 8 of the 12 manufacturers of edible gelatin in the United States, whose production in 1928 was 80 per cent of the country's total, respectfully presents this petition to your honorable committee. It is requested that the tariff rates on edible gelatin granted by the House of Representatives in paragraph 42 of H. R. 2667 be adopted by your committee and continued permanently in the revised tariff law.

Recommendations as to rates.—Paragraph 42, Schedule 1, Tariff Act of 1922, reads as follows:

"Edible gelatin, valued at less than 40 cents per pound, 20 per centum ad valorem and 3½ cents per pound; valued at 40 cents or more per pound, 20 per centum ad valorem and 7 cents per pound; gelatin, glue, glue size, and fish glue, not specially provided for, valued at less than 40 cents per pound, 20 per centum ad valorem and 1½ cents per pound; valued at 40 cents or more per pound, 20 per centum ad valorem and 7 cents per pound; casein glue, agar agar, isinglass and other fish sounds, cleaned, split, or otherwise prepared, and manufactures, wholly or in chief value of gelatin, glue, or glue size, 25 per centum ad valorem."

Paragraph 42 pertaining to edible gelatin in the House revision of the tariff act (H. R. 2667) reads as follows:

"Edible gelatin, valued at, less than 40 cents per pound, 20 per centum ad valorem and 5 cents per pound; valued at 40 cents or more per pound, 20 per centum ad valorem and 7 cents per pound; gelatin, glue, glue size, and fish glue, not specially provided for, valued at less than 40 cents per pound, 25 per centum ad valorem and 2 cents per pound; valued at 40 cents or more per pound, 25 per centum ad valorem and 8 cents per pound; casein glue, agar agar, pectin, isinglass, and manufactures, wholly or in chief value of gelatin, glue, or glue size, 25 per centum ad valorem."

The edible gelatin industry, in its petition to the House Ways and Means Committee, requested that its product be placed in a separate paragraph and not included with inedible products, and it also requested certain increases in rates which were not granted in the House bill, but in spite of these facts, the

industry approves the increase in the specific rate on edible gelatin valued at less than 40 cents per pound of from 3½ cents to 5 cents per pound, and earnestly petitions your committee to adopt and incorporate in the revised tariff law the exact wording and rates of duty as passed by the House of Representatives in H. R. 2867.

Reasons for recommendations.—Recognizing that a tariff is intended to equalize the lower production costs of foreign goods with the higher costs incident to the American standard of living, we submit the following facts:

The United States Tariff Commission held hearings in 1927 in connection with an application of the edible gelatin manufacturers of this country for increased tariff duties in accordance with section 315, Title III, of the Tariff Act of 1922. These hearings and other data published by the commission in its "Preliminary Statement of Information" disclosed interesting conditions.

The principal competing country at the time of the investigation (1914-25) was the Netherlands, where the one producing plant was then exporting to this country over 1,500,000 pounds of gelatin per annum, which the tariff hearings showed was approximately 85 per cent of its production. The remaining 15 per cent was sold in its home market, England, and the Scandinavian countries.

Government import figures show that the average foreign declared value of gelatin shipped to this country from this plant in the Netherlands was 16.8 cents per pound in 1924 and 17.1 cents in 1925. Here we had a situation where a foreign manufacturer sold 15 per cent or less of his production in his home market, thus establishing a home market basis on which to value his goods for export declaration to this country, although approximately 85 per cent of his goods were exported to compete with American edible gelatin.

In the stenographer's official report of the hearing before the United States Tariff Commission on January 27, 1927, Docket No. 47, section 315, on page 183, appears the following testimony given by Mr. J. van Stolk, managing director of the Delft Gelatin Works, Delft, Holland, the manufacturer above referred to:

"Mr. COOKE. You stated that practically all your exportation was to this market here?"

"Mr. VAN STOLK. The bulk of it, yes. I think in 1925 we did more in other countries than we used to.

"Mr. COOKE. How is that price fixed?"

"Mr. VAN STOLK. I just take the value at which we are selling in Holland.

"Mr. COOKE. Is there a substantial sale by your company in the Dutch market itself?"

"Mr. VAN STOLK. You just said yourself, and I answered it already previously, that I assume our sales in Holland will amount to about, I think 15 per cent."

Again on pages 184-185 of the hearing record we find:

"Mr. COOKE. Is the price at 16 or 17 cents per pound or 18 cents per pound in Holland below your cost of production?"

"Mr. VAN STOLK. Yes; certainly.

"Mr. COOKE. So you are selling, then 15 per cent of your output at less than cost?"

"Mr. VAN STOLK. Yes."

The foreign manufacturer from the chief competing country, did, as shown in the above testimony, declare his goods for import in this country at his foreign market price, as provided in sections 402 (1) and (4-b) of the administration provisions of the present tariff law, but it is safe to assume that Congress, when providing this method for evaluating imports for tariff purposes, did not have in mind the case of a foreign exporter sending approximately 85 per cent of his production into the United States.

Tariff duties on imports based on declared values below production costs, means, in the case of edible gelatin, a substantial saving to the foreign exporter of 1 cent for each 5 cents of such undervaluation, which could be and was used as a club against United States manufacturers in competition in the United States market. Stated another way, this undervaluation wiped out a substantial part of the specific duty of 3½ cents per pound which the Congress intended to grant to the United States edible-gelatin industry.

It is all too evident from Mr. van Stolk's testimony that their home-market price is lower than the cost of production; and if we assume that the European manufacturer is willing to take the large loss of 6 or 7 cents per pound on the goods sold in the home market, and using these established home-market prices for their shipping declarations, it still leaves 10 or 11 cents per pound which must be compensated for by duty to put the domestic producer on an

even basis with the European competitor. If duties were assessed on foreign costs, or if duties were on the United States valuation plan, we might not find it necessary to request an increase in duties, but with edible gelatin being declared into this country from the Netherlands at an average of 18.6 cents, from Germany at 22.8 cents, from France at 23.1 cents, and from Belgium at 19.3 cents per pound (United States Government figures for the year 1927), the American industry is not getting the measure of protection that is necessary.

For the year 1927, foreign declared values on all imports of edible gelatin averaged 19.7 cents per pound. Taking this as a basis, the present tariff act provides duties of 3.94 cents ad valorem and 3.5 cents specific, a total of 7.44 cents per pound. At the rate recommended in this brief duties of 4.925 cents ad valorem and 5 cents specific, a total of 9.925 cents per pound, would be provided. Adding one-half cent to each for ocean freights, insurance, and handling would make 7.94 cents under the present act and 10.425 cents as recommended. We submit that the recommended rates will be fair and equitable.

The attention of the honorable committee is called to the fact that, so far as we know, no European country has pure-food laws such as those in the United States. Consequently they have no home demand for pure-food gelatin, and such pure-food gelatin as they sell in their domestic market to establish a home-market price for export declaration purposes (as shown in testimony of Mr. van Stolk quoted above) is sold in competition with goods of the same physical characteristics but not necessarily complying with the United States food requirements. As it costs materially more per pound to produce edible gelatin that will pass our customs pure-food requirements, the foreign producer, basing values on his home-market price, established as described above, is in position to make material saving in duties which are reflected in competition in the United States market.

History of edible-gelatin industry.—Edible gelatin has been produced in the United States on a commercial scale for more than 50 years. At present there are 12 producing companies, with plants located as follows: 4 in Massachusetts, 2 in New Jersey, 2 in New York, and 1 each in Michigan, Wisconsin, Indiana, and Illinois. Price conditions in the industry are very much depressed, due largely to the price competition from imported gelatins. Foreign gelatins being offered in the domestic market often at prices below our production costs, it is impossible for United States producers to obtain fair prices.

Source of imports and volume.—Following is a table showing imports of edible gelatin for the years 1925 to 1927, with average foreign declared values:

From—	1925		1926		1927	
	Pounds	Average value	Pounds	Average value	Pounds	Average value
Netherlands.....	1,635,563	\$0.171	1,160,529	\$0.183	1,444,020	\$0.186
Germany.....	689,511	.245	387,666	.238	213,848	.228
France.....	267,708	.274	247,839	.262	418,827	.231
Belgium.....	420,387	.198	632,781	.198	589,260	.192
All others.....	104,310	.....	32,354	.....	75,157	.....
Totals.....	3,117,479	.204	2,461,169	.207	2,741,112	.197

Figures now available for 1928 and 1929 show that total imports of edible gelatin for 1928 were 1,805,868 pounds, as compared with previous years; however, the figures for the first four months of 1929 show imports of 943,588 pounds as compared with imports for the first four months of 1928 of 527,712 pounds, an increase of 415,876 pounds for the current year, or 79 per cent. It is also to be noted that a comparison between imports for the same periods of 1929 and 1927 shows imports in the latter year of 852,341 pounds, an increase in 1929 over 1927 of 91,247 pounds or over 10 per cent.

The foregoing figures showing material increases in the volume of imports of edible gelatin in 1929 as compared with the same periods of either 1927 or 1928 refute any claim which might be made that the imports of edible gelatin are on the decline.

The United States edible gelatin industry is being seriously damaged by the imports of foreign-produced goods on which duties are paid based on their foreign market values. Regardless of how these declared values are arrived at, the fact remains that the United States industry is not receiving the measure of tariff protection to which it is entitled under the present tariff act.

The increased tariff rates provided in the bill now under consideration (H. R. 2867) are acceptable to the edible gelatin industry. Our request, therefore, is that the rates provided for in the House bill be adopted by your honorable body and incorporated in the tariff law now being considered by your committee.

Respectfully submitted,

EDIBLE GELATIN MANUFACTURERS' RESEARCH SOCIETY OF AMERICA, INC.,
H. B. SWEATT, *Secretary.*

BRIEF OF NATIONAL CONFECTIONERS' ASSOCIATION OF THE UNITED STATES (INC.)

HON. REED SMOOT,

Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: This brief is filed in behalf of the candy industry by the National Confectioners' Association of the United States (Inc.), with general offices at 111 West Westinghouse Street, Chicago, which includes in its membership 500 candy manufacturers, whose annual sales amount to approximately \$850,000,000, with a capital investment of approximately \$300,000,000, and who use large quantities of edible gelatin in the manufacture of marshmallows and various kinds of candy.

We estimate that the candy industry's annual usage of edible gelatin is approximately 4,000,000 pounds. This estimate is based on the survey of the candy industry by the United States Department of Commerce for the year 1927. The report issued by the department for that year shows that 54,497,630 pounds of marshmallows were manufactured, valued at \$8,868,302. This quantity of marshmallows would require about 1,150,000 pounds of edible gelatin.

The quantity manufactured of other kinds of candy in which edible gelatin was used was not ascertained. We estimate the quantity of edible gelatin used in manufacturing other kinds of candy was at least double the quantity used in making marshmallows. These are the figures on which we base our estimate of 4,000,000 pounds of edible gelatin used by the candy industry.

An increase in the import duty would not only increase the cost of all imported edible gelatin used by the candy industry but it would also result in increased prices on domestic edible gelatin used by the candy industry and increase the cost of production to that extent.

This increased cost can not, under present conditions, be passed on to the ultimate consumer, for the reason that there is, under present economic conditions, an insistent demand for lower prices on all kinds of food products. Any increase in the production costs must be borne by the manufacturers.

The reports of the United States Department of Commerce show that the production of edible gelatin in the United States has been increasing and importation of edible gelatin decreasing.

In 1924 the total imports were 23 per cent of the total production of edible gelatin in the United States. In the first nine months of 1928 the imports were only 10.9 per cent of the domestic production.

The production of domestic edible gelatin in 1924 was 14,204,800 pounds. The production for the first nine months of 1928 was 12,366,100 pounds.

The United States Tariff Commission's report dated December 27, 1926, page 28, Table 16, shows that Holland is the chief competing foreign country and that the Netherlands' cost of production plus ocean freight, insurance, and the import duty for the years 1924-25 was 7.5 per cent in excess of the cost of production in the United States.

Taking this fact into consideration, a decrease instead of an increase in the import duty would be in order.

These facts prove conclusively that foreign competition under the present tariff is not a menace to the domestic manufacturers of edible gelatin, and that an increase is not necessary for their protection.

No increase in the duty on edible gelatine is necessary to raise revenue, as the Government's revenues are now more than adequate to take care of its obligations.

We are, therefore, opposed to the increase in the import duty on edible gelatin, as provided in the bill, for the following reasons:

- (1) It is not needed for revenue.
 - (2) No increase is necessary to equalize the difference between the cost of production in foreign countries and the cost of production in the United States, as is shown by the report of the United States Tariff Commission, to which we have referred.
 - (3) The domestic manufacturers of edible gelatin do not require it as they have materially increased their production under the present tariff.
- We trust, therefore, that our opposition to the increase in the import duty on edible gelatin will receive your favorable consideration.
- Respectfully submitted.

NATIONAL CONFECTIONERS ASSOCIATION OF THE UNITED STATES (INC.),
WALTER C. HUGHES, *Secretary*.

GLUE

[Par. 42]

BRIEF OF THE NATIONAL ASSOCIATION OF GLUE MANUFACTURERS (INC.)

GENTLEMEN: The National Association of Glue Manufacturers (Inc.), an organization composed of a majority of the manufacturers of animal glue and representing approximately 85 per cent of the volume of glue production in this country, herewith presents a brief to your honorable committee, setting forth its request that certain changes be made in the provisions of paragraph 42, Schedule 1, of the tariff act of 1922, now in effect, which reads as follows:

"Edible gelatin, valued at less than 40 cents per pound, 20 per cent ad valorem and 8½ cents per pound; valued at 40 cents or more per pound, 20 per cent ad valorem and 7 cents per pound; gelatin, glue, glue size and fish glue, not specially provided for, valued at less than 40 cents per pound, 20 per cent ad valorem and 1½ cents per pound; valued at 40 cents or more per pound, 20 per cent ad valorem and 7 cents per pound; casein glue, agar agar, isinglass, and other fish sounds, cleaned, split, or otherwise prepared, and manufactures, wholly or in chief value of gelatin, glue, or glue size, 35 per cent ad valorem."

Tariff duties recommended.—This brief will discuss only that portion of paragraph 41, Schedule 1, tariff act of 1922, pertaining to "Gelatin, glue, glue size, and fish glue," etc., without reference to the first part of the paragraph pertaining to "edible gelatin," for the reason that the manufacturers of this latter product find it necessary, due to particular conditions in their industry, to present a separate brief.

When the revision of the tariff act was being considered by the Ways and Means Committee of the House of Representatives, this association respectfully requested that a separate paragraph be allotted to glue, etc., and that edible gelatin be placed in a separate paragraph, for the reason that edible gelatin is a distinctive product of high quality, a pure food, and as such it should not be bracketed with nonedible products. Also certain requests were then made for changes in the phraseology of the paragraph.

The House Ways and Means Committee, however, did not find it advisable to accede to these requests for separate paragraphing and changes in wording. As the rates on glue in paragraph 42 of H. R. 2667 are those requested, the glue manufacturers are in accord with the action of the House of Representatives and respectfully petition your honorable committee that the tariff duties on glue under paragraph 42 of H. R. 2667 be continued in the revised tariff act by the Senate Finance Committee and the United States Senate.

Paragraph 42 as it appears in H. R. 2667 reads as follows:

"Edible gelatin, valued at less than 40 cents per pound, 20 per cent ad valorem and 5 cents per pound; valued at 40 cents or more per pound, 20 per cent ad valorem and 7 cents per pound; gelatin, glue, glue size, and fish glue, not specially provided for, valued at less than 40 cents per pound, 25 per cent ad valorem and 2 cents per pound; valued at 40 cents or more per pound, 25

per cent ad valorem and 8 cents per pound; casein glue, agar agar, pectin, isinglass, and manufactures, wholly or in chief value of gelatin, glue, or glue size, 25 per cent ad valorem."

Reasons for recommendation.—Your honorable committee is advised that the United States Tariff Commission made an investigation at the request of the glue manufacturers for an increase in tariff rates on glue under the provisions of section 315, Title III, of the tariff act of 1922. It is on the facts ascertained by the commission in this investigation that we base our request for an increase in tariff rates on glue from the present rates of 20 per cent ad valorem and 1½ cents per pound, when valued at less than 40 cents per pound, to 25 per cent ad valorem and 2 cents per pound; and on imports valued at 40 cents or more per pound, an increase from present rates of 20 per cent ad valorem and 7 cents per pound, to 25 per cent ad valorem and 8 cents per pound, which rates have been incorporated in H. R. 2667.

It is perhaps not necessary to take up the time of the committee by an extensive review of the findings of the commission in this case. However, some of the outstanding facts appearing in the Preliminary Statement of Information, relating to costs of production of glue both in this country and abroad, published by the Tariff Commission under date of March 23, 1928, will be cited later in this brief.

Importance and development of glue industry.—The animal-glue industry has been in existence in this country for more than 100 years. The latest Census Bureau reports show 32 companies or firms producing animal glue, operating 47 plants, of which 7 are located in Illinois, 7 in Massachusetts, 6 in Pennsylvania, 5 in New York, 4 in Kansas, 3 in California, and the remaining 15 in 10 other States. The total domestic production of animal glue in 1927 amounted to 104,168,700 pounds, with an estimated sales value of approximately \$17,000,000. About 3,500 employees are engaged in the industry.

Domestic and foreign production costs and wages.—For a comparison between production costs and wages in the United States and Great Britain, we refer the committee to Table 16 on page 33 of the Tariff Commission, Preliminary Statement of Information. This table shows comparative costs of production of glue in this country and Great Britain, the United States costs being shown as 100:

TABLE 16.—*Extracted bone glue: Comparison of costs of production in the United States and Great Britain, 1924 and 1925*

	1924 and 1925 (first 6 months)	1924 and 1925
	United States	Great Britain
Manufacturing cost:		
Raw material.....	100	60.98
Direct labor.....	100	35.82
Factory expense—		
Superintendence.....	100	60.00
Chemicals.....	100	56.00
Repairs and maintenance.....	100	62.50
Heat, light, and power.....	100	33.33
Containers.....	100	170.00
Other factory expense.....	100	47.83
Total factory expense.....	100	47.49
General and administrative expense:		
Officers' salaries, office salaries, and expense.....	100	21.62
Taxes.....	100	45.00
Insurance.....	100	44.75
Depreciation.....	100	53.12
Other general and administrative expense.....	100	23.53
Total general and administrative.....	100	36.97
Total manufacturing cost.....	100	51.87
Imputed interest.....	100	37.33
Total manufacturing cost, including imputed interest.....	100	60.98

Examination of the foregoing costs of production table will show clearly why the United States glue industry requires a more adequate tariff protection than is afforded in the present bill. Table 4, page 15 of the Tariff Commission report, shows that for 1927 total imports of glue paid under the present law the equivalent of 39.82 per cent ad valorem duties, which is manifestly insufficient to equalize the costs of production in this country and abroad.

We also wish to call to the attention of your honorable committee the existence of European combinations, or cartels, in the glue industry, as covered on pages 11 and 12 of the Tariff Commission report before mentioned. The Scheidemandel Co. in Germany owns and controls plants in Germany estimated to produce over three-fourths of the glue made in that country, according to the Tariff Commission report. This company also controls glue factories in Austria, Poland, Czechoslovakia, Yugoslavia, France, Belgium, Sweden, Denmark, and South America. A centralized organization has control of raw materials and sales of the finished product.

In addition, there exists what is known as the European glue syndicate. This operates as a stock company, under the name "Epidos," with headquarters at Glarus, Switzerland, and includes glue manufacturers in the following 17 European countries: Germany, Great Britain, Italy, France, Austria, Belgium, Spain, Holland, Hungary, Poland, Rumania, Switzerland, Czechoslovakia, Denmark, Latvia and Lithuania, Sweden, and Yugoslavia. (See pp. 12 and 13 of the Tariff Commission report before referred to.) Attached hereto and a part of this brief is copy of a report published by the United States Department of Commerce, dated at Berlin, Germany, on September 28, 1926, from William T. Daugherty, American trade commissioner, which explains the operations of the European glue syndicate. Particular attention is invited to the last paragraph on the first page of this report from Berlin, relative to the agreement concerning the unloading of surplus stocks of glue in countries not members of the syndicate at prices less than convention prices, and the plan to share losses incurred by such operations.

Such combinations as these are, of course, contrary to law in the United States, and they constitute a distinct menace to United States industry when foreign goods produced under their beneficent protection enter this country to compete with domestic products.

Source and volume of imports.—Attached hereto and forming a part of this brief is a statement showing imports of foreign glues, by countries, from 1923 to 1927, inclusive. The average values shown are foreign declared valuations per pound. The total imports during 1927 were 38 per cent greater than for 1926. Particular note might be made of the imports from United Kingdom during the year 1927, amounting to 3,432,447 pounds, at an average declared valuation of 7.8 cents per pound. With present duty and one-half cent allowance for ocean freights and insurance added, this means that about 30 per cent of the imports are being landed in this country at a price of 10.76 cents per pound, which is below the domestic cost of production for comparable glues.

It should be noted that the Government import figures for 1928 show an increase of 1.4 per cent over 1927, and, further, that imports for the first four months of 1929 were 9.1 per cent greater than for the corresponding period of 1928, indicating a steadily increasing importation of foreign glues.

Summary and conclusions.—The United States glue manufacturers, through their national organization, therefore beg to petition your honorable committee to adopt the rates on glue, etc., as covered in paragraph 42 of Schedule 1 of H. R. 2667 because—

1. An investigation by the United States Tariff Commission shows that costs of production of glue in Great Britain are only 50.98 per cent of those in the United States for comparable glues.

2. The existing tariff rates under paragraph 42, Schedule 1, of the present tariff act afford protection to the United States glue industry up to the equivalent of 39.82 per cent on an ad valorem basis, whereas production costs in Great Britain are only approximately 50 per cent of American costs.

3. The Scheidemandel Co., of Germany, by virtue of its vertical combination, with complete control of raw materials, manufacturing processes, and home markets, is in position to and does deliver glue into the United States market.

at prices that can not be met by domestic producers. (See pp. 11 and 12 of the United States Tariff Commission report mentioned before.)

4. The European glue syndicate, which is designed to eliminate competition between the member countries not only in raw materials but in the glue markets of Europe and their export markets, is functioning with steadily increasing strength, and it is expected will offer even more severe competition in the future for United States manufacturers. (See attached report from American trade commissioner at Berlin.)

5. Every pound of glue that is imported into this country at a price below United States costs adversely affects the whole domestic glue market, as all glue is competitive.

6. Based upon reports from the Department of Commerce and Department of Labor, wages are materially lower in Germany, Belgium, Italy, and other countries exporting material quantities of glue to this country than they are in England. Therefore manufacturing costs of glue in those countries are lower than in Great Britain.

In petitioning your honorable committee to approve the rates adopted in paragraph 42, Schedule 1, of H. R. 2667, we have based our recommendations on the official findings of the United States Tariff Commission showing the cost of manufacturing in the chief competing country to be approximately 51 per cent of the United States manufacturing costs and also on the Department of Commerce reports relating to European cartels and syndicates evidencing complete control of the glue industry in foreign countries.

Respectfully submitted.

NATIONAL ASSOCIATION OF GLUE MANUFACTURERS (INC.),
H. B. SWEATT, *Secretary*.

BERLIN, GERMANY, *September 28, 1928.*

Submitted by William T. Daugherty, American trade commissioner.

EUROPEAN GLUE SYNDICATE FORMED

Earlier than expected, delegates representing glue producers in 19 European countries met in Lucerne, Switzerland, on September 23 and concluded a bone-glue syndicate agreement. It had been repeatedly announced that the meeting was to have been held in October.

Accurate details concerning the progress of negotiations, begun a year ago, have been lacking in Germany. Although Germany has played an initiative part in this syndicate formation, representatives in the know have been bound to a certain amount of secrecy concerning the syndicate. Information available here at this writing is culled from the foreign press.

While combining in a syndicate organization, members concluded a mutual guarantee treaty. A directive committee was appointed consisting of delegates from Germany, England, and France, the three countries that lead in glue-export organization. Furthermore, an administrative council was created "to study and promote the bone-glue industry," on which representatives of all cartel countries are represented. The main purpose of the combine is to secure raw materials most advantageously and to develop competition with overseas producers.

The combine has 110 votes for the time being, of which Germany, Great Britain and Ireland, France, and Italy have 16 each; Austria, Belgium, Spain, Holland, Hungary, Poland, Rumania, Switzerland, and Czechoslovakia, 4 each; Denmark, Iceland, Lithuania, Sweden, and South Slavia, 2 each.

A holding company is founded in Switzerland, the so-called A. G. Epidos, in Glarus, capitalized at 100,000 Swiss francs to promote the common interest. The capital will be raised by members of the combine who, according to the guarantee treaty, pledge mutual support, and in cases, must assist one another through special funds. These funds can only be used subject to a three-quarters majority approval.

Other terms of agreement relate to carrying of stocks on hand. When stocks in one country exceed by half the average carried in other countries, the committee determines necessary measures to reduce them, even by unloading them at under convention prices, including selling them to countries not signatory

to the agreement. Half of a loss exceeding 5 per cent is covered by the common treasury. Purchases of bones shall be made by members in their own countries; purchases from abroad will be made under special agreements.

Prices fixed by the administrative council for bone glue are minimum prices. Higher prices can be asked. Sales between members can also be made under minimum prices. Finally the cartel agreement regulates the manner of payment; e. g., that prices shall be for bagged goods franco, brutto for netto without discount, payable in at most 30 days. Failure to pay within the stated period calls for a penalty. Especially inferior goods, that must be sold more cheaply, must be offered first in countries nonsignatory to the cartel agreement and can only be sold in a country belonging to the cartel, with special approval of the committee.

Imports of animal glue, glue size, and fish glue 1923 to 1927, inclusive, by countries

From—	1923		1924		1925	
	Pounds	Average value	Pounds	Average value	Pounds	Average value
United Kingdom.....	2,565,322	\$0.080	3,431,951	\$0.078	2,095,916	\$0.076
France.....	1,103,207	.091	601,030	.088	440,928	.122
Rumania.....	673,571	.061	344,406	.048	350,650	.061
Chile.....	548,110	.051	361,047	.039	159,550	.040
Belgium.....	539,928	.128	298,647	.114	309,465	.153
Germany.....	472,334	.109	692,410	.087	373,991	.071
Switzerland.....	408,347	.079	300,381	.074	134,235	.089
Sweden.....	300,147	.087	340,468	.087	150,030	.088
Italy.....	260,067	.116	348,905	.105	364,059	.097
Austria.....	152,597	.100	465,761	.088	223,007	.084
Czechoslovakia.....	121,862	.078	321,065	.079	225,516	.086
Canada.....	64,361	.079	130,368	.081	145,559	.087
Poland and Danzig.....	330	.069	21,246	.069	2,205	.055
Yugoslavia.....			13,263	.082	101,311	.079
Russia.....					126	.889
All other.....	99,696		80,952		134,868	
Total.....	7,309,879	.089	7,752,500	.081	5,241,466	.090

From—	1926		1927		1928	
	Pounds	Average value	Pounds	Average value	Pounds	Average value
United Kingdom.....	2,320,789	\$0.072	3,432,447	\$0.073	1,984,206	\$0.069
France.....	278,069	.113	924,047	.081	594,861	.103
Rumania.....	233,419	.070	472,060	.071	246,149	.091
Chile.....	183,846	.052	176,543	.058		
Belgium.....	117,385	.180	346,397	.100	936,856	.104
Germany.....	2,110,412	.069	1,150,364	.091	1,640,340	.096
Switzerland.....	230,503	.073	241,814	.070	200,709	.085
Sweden.....	90,042	.090	330,163	.087	275,749	.091
Italy.....	50,403	.087	281,547	.073	1,021,914	.068
Austria.....	273,924	.075	663,396	.075	693,562	.081
Czechoslovakia.....	335,066	.082	506,559	.087	166,338	.100
Canada.....	99,523	.089	176,654	.082	139,591	.085
Poland and Danzig.....	22,046	.065			414,125	.081
Yugoslavia.....	59,519	.082	290,358	.069	529,466	.078
Russia.....			30,016	.092	354,675	.065
All other.....	239,964		104,115		59,163	
Total.....	6,596,550	.079	9,132,580	.080	9,257,704	.087

GLYCERIN

[Par. 43]

**STATEMENT OF W. A. HARSHAW, REPRESENTING THE HARSHAW
CHEMICAL CO., CINCINNATI, OHIO**

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You did appear before the House?

Mr. HARSHAW. No, sir.

Senator SMOOT. Is there another Harshaw?

Mr. HARSHAW. Some other officials of our company appeared before the House committee on other materials, but not on this.

Senator SMOOT. Harshaw Chemical Co.?

Mr. HARSHAW. Yes.

Senator SMOOT. I do not want to take up any of your time. Let us pass it.

Mr. HARSHAW. I have here a brief which I would like to submit.

Senator SMOOT. We would be glad to have it printed just as it is.

Mr. HARSHAW. I would like to say a few words if I might.

Senator KING. On what?

Mr. HARSHAW. On the subject of glycerin.

Senator SMOOT. Paragraph 43.

Senator KING. Glycerin, crude, 1 cent a pound; refined, 2 cents. What do you want to say about that?

Senator SMOOT. That is the existing law.

Senator KING. That is the existing law. Do you want to change that?

Mr. HARSHAW. Yes.

Senator KING. Do you want an increase in rate or lowering in rates?

Mr. HARSHAW. I want an increase in rates. I have not said anything since appearing before a similar committee in 1913. We have taken our medicine. This country consumes a certain amount of glycerin. It produces less than it consumes. Europe produces more glycerin than it consumes. In this country the production comes in connection with the soap manufacturers, of which there are some very large concerns, as you probably know. There are also a number of small concerns. The large concerns produce and refine their own glycerin. We refine the glycerin of the smaller concerns. We are the only refiners left in the United States to-day, that is, the only independent refinery, not producing and not consuming.

Senator KING. Is not glycerin made by many, many companies in the United States?

Mr. HARSHAW. It is not made at all. The Lord made it.

Senator KING. I know, but it is manufactured.

Mr. HARSHAW. It is produced by a great many soap concerns as a by-product. Not a direct product at all.

Senator KING. Well, if they can produce it as a by-product, and it is cheaper, and it is of advantage to the country, why should we not permit them to do it?

Mr. HARSHAW. Certainly, permit them to do it, but they do not produce enough to satisfy the requirements, and that has to be brought from abroad. Now, shall it come over as refined or as crude, is the question. We asked that same question of a similar committee, of which Senator Simmons was chairman, and told him we were perfectly willing to refine it in this country or in some other country. He gave us a tariff which caused me to go abroad and arrange to refine in Marseilles, France. The war came up and upset that. And then our Government was very glad to immediately commandeer us or tell us that we might as well be commandeered, that they would do it if we did not agree to it voluntarily.

Senator KING. Well, I suppose they commandeered soldiers. Go ahead.

Mr. HARSHAW. We were prohibited from supplying glycerin to our regular customers and forced to supply it for war purposes, which we were entirely willing to do under the circumstances. If we had not had refineries here, it might have been rather embarrassing. The great country of England had to come to us, and in August, 1918, I took on a contract of over 2,000,000 pounds for them. Also for the Italian Government.

Now, it is a question of the existence of glycerin refining in this country. It is not a question of protection. I am not going into that. It is merely: Can we have a differential between crude and refined glycerin that will allow us to exist?

Gradually all the concerns in the business have discontinued, except ourselves. We have two refineries, one at Elyria, Ohio, and one at Philadelphia. We are arranging to discontinue the Elyria refinery now.

Senator SMOOT. Mr. Jordan asked for 4 cents and 6 cents. Is that what you are asking for?

Mr. HARSHAW. Mr. Jordan?

Senator SMOOT. Yes.

Mr. HARSHAW. We are not asking for anything on crude glycerin. That you can put at nothing or 1 cent or whatever you wish. We are not interested in that. It is the differential between the crude and refined that we are interested in.

Senator SMOOT. If we put it at 1 cent what do you want for the refined?

Mr. HARSHAW. There should be a differential of 4 cents.

Senator SMOOT. You want 4 cents?

Mr. HARSHAW. We have 2 cents. That is, the duty should be 4 cents. Which gives a differential of 3 cents between crude and refined.

Senator KING. You are not surprised, are you, that the domestic production of refined glycerin was more than 66,000,000 pounds and the imports only 4,000,000 pounds, and that the crude production was 130,000,000, an increase of more than 100 per cent since 1919?

Mr. HARSHAW. Conditions have been changing very rapidly; yes, sir. Some years there have been no importations of crude since 1919. Practically none. Before the war there were importations each year of about 30,000,000 pounds, meaning that that amount was consumed over the amount that was produced in this country.

Now, do you want it to come over as crude or refined? We can arrange to refine it abroad just as we can arrange to refine various other things.

Senator KING. Why can you not refine it over here when it comes over as crude?

Mr. HARSHAW. Because of this tariff that we have got.

Senator KING. Would it not be an advantage if it should come over without any tariff at all, as crude, and let you refine it, and then we would get cheaper soap?

Mr. HARSHAW. Oh, it has got nothing to do with soap. It is a by-product in the making of soap.

Senator BARKLEY. If you refined it abroad and brought it in you would not want this tariff raised?

Mr. HARSHAW. Oh, but then you see you use the glycerin. We do not. And you have got to have it. That is, it is merely a question of whether we will bring it over refined or refine it here. Now we know how to refine it, you know, and we will do it here or abroad.

Senator BARLEY. Yes; but if you have to refine it abroad you would not want to have a tariff?

Mr. HARSHAW. We do not care. You would have to pay it.

Senator BARKLEY. I understand.

Mr. HARSHAW. We are perfectly willing to take whatever medicine you give us.

Senator BARKLEY. You would not be so much interested in keeping out competition if you were one of the competitors?

Mr. HARSHAW. We are not interested in keeping out competition. We are interested in trying to operate a factory and employ our people, that is all.

(Mr. Harshaw submitted the following brief:)

BRIEF OF THE HARSHAW CHEMICAL CO.

FINANCE COMMITTEE,

United States Senate.

HON REED SMOOT,

Chairman, Washington, D. C.

GENTLEMEN: The undersigned is a domestic refiner of glycerin with two refining plants, one located at Philadelphia, Pa., and the other at Elyria, Ohio. We recommend a change in the duty on refined glycerin from 2 cents a pound, as provided in the proposed tariff bill (H. R. 2667), paragraph 43, Schedule 1, title 1, to 4 cents a pound, the duty of 1 cent a pound on crude glycerin to continue as provided in the bill. This increase in the rate on refined glycerin is necessary to provide a reasonable protection to domestic refiners of glycerin against the lower costs of production abroad.

Glycerin is a by-product of the manufacture of candles and soap. It is a clear, colorless liquid of a thick sirupy consistency, sweet to the taste, and when exposed to the air absorbs moisture. America consumes more glycerin than it produces; Europe produces more glycerin than it consumes.

The refining of glycerin in this country is carried on by those soap manufacturers who refine and sell their own by-product crude glycerin and by the undersigned, who purchases crude glycerin either in the domestic or foreign market and refines and distributes it in this country.

In the process of refining glycerin there is a 25 per cent loss in weight, 75 pounds of refined glycerin being obtained from 100 pounds of crude. By reason of this fact the European refiner has two advantages—he can ship his refined glycerin to any American port, while the domestic refiner is under the necessity of paying not only 33 per cent more freight on the crude glycerin imported but an additional freight when the refined product is reshipped to the consumer, either by rail or by water, to any American port. These advantages in freight

absorb practically all of the differential of 1 cent a pound in the tariff rate between crude and refined glycerin, leaving the American industry of refining glycerin without protection.

The present differential in the rate between crude and refined glycerin originated in the Wilson tariff law of 1913, and has been continued since. The result of this policy has been the gradual elimination of the commercial refiners of glycerin due to their inability to compete with the foreign refiners. Fifteen years ago there were many concerns in the United States engaged in the commercial refining of glycerin, among them being Marx & Rowalle, of Brooklyn; Gordon, of Cincinnati; Grassell Chemical Co., of Cleveland; and Roever, of Chester, Pa. All of these have either voluntarily discontinued the refining of glycerin or have failed.

The primary purpose of a tariff law is to protect American labor and encourage American industry. Manifestly there is no protection for American labor in the proposed differential between crude and refined glycerin. The cost of refining glycerin in Europe, especially at Liverpool, is distinctly less than the cost in the United States, and if this difference in cost as well as the difference in freight is to be covered by the tariff, the differential rate between crude and refined glycerin should be not less than 3 cents a pound.

Between twenty and thirty million pounds of crude glycerin are imported into this country annually. During the past three years the price of 80 per cent crude glycerin has been as high as 21 cents a pound and as low as 7½ cents a pound. Such a fluctuating market combined with so small a differential makes the business of the commercial refiner of glycerin in the United States one of extreme hazard.

A tariff law is designed not only for the protection of American labor and the promotion of American industry, but for the added purpose of creating such a diversification of industry as to make our country, so far as possible, independent of foreign industries in case of international differences. Unless the differential between crude and refined glycerin is increased, the business of refining glycerin in the United States as an independent commercial enterprise will cease, and such business will be conducted in Europe at the source of raw materials to the disadvantage of American in times of peace and to its possible embarrassment in times of war.

Respectfully submitted.

THE HARSHAW CHEMICAL Co.,
W. A. HARSHAW, *President*,
1610 Hanna Building, Cleveland, Ohio.

JUNE 1, 1929.

OXIDE OF MAGNESIA

[Par. 50]

BRIEF OF THE SCHOFIELD-DONALD CO. (INC.), NEW YORK CITY

The Hon. REED SMOOT,

Chairman Senate Finance Committee,

Subcommittee No. 1, United States Senate, Washington, D. C.

HONORABLE SIR: As importers of a specialized grade of oxide of magnesia, we wish to file this brief in registering our complaint against the proposed increase in the duty now levied on this commodity. In support of our contention that such increase would be to the detriment of the United States public and of no material advantage or benefit to domestic manufacturers we wish to point to the following facts:

1. The manufacturers of the specialized grade of oxide of magnesia which we import, at the request of United States manufacturers of milk of magnesia, disbursed large sums of money and expended a great deal of time in research by which they were successful in producing a particularly light grade of magnesium oxide suitable for the manufacture of milk of magnesia on a competitive basis with manufacturers formerly employing Epsom salts for this purpose.

2. That there is no other oxide of magnesia manufactured by domestic producers which can be used for a similar purpose, viz, the manufacture of milk of magnesia, and is now being offered at a price which would enable the manufacturers of this staple medicine to compete with manufacturers using Epsom salts for the purpose.

3. That the domestic manufacturers who have filed briefs in support of their request for increase in duty on this commodity have filed no supporting data with regard to their cost of manufacture, but have, rather, brought forth a contradictory situation, as follows:

The brief of Philip Carey Co. and of Keasby & Mattison Co. states that approximately 2½ pounds of carbonate of magnesia are required for the manufacture of 1 pound of calcined or oxide of magnesia and that the cost of producing the calcined is 38 cents per pound. (Supplementary brief of March 13.) In the briefs filed on behalf of these same companies with regard to carbonate of magnesia it is stated that the cost of producing this latter material is 6½ cents per pound; and taking these statements into consideration, a basic material cost of less than 16 cents per pound is indicated for the oxide or calcined magnesia. Is it conceivable, therefore, that the differential shown of more than 22 cents per pound is or can be proven within any bound of reason to be the manufacturing cost in producing the domestic material?

4. That we have the signed statement of a third manufacturer in the United States, not mentioned in the filing of any of the domestic briefs, that they could not duplicate the product manufactured in England even when using the identical raw material used in the preparation of the material we import. Thus showing that it is not a matter of raw material or cheaper labor or other factor that would be offset by an increase in duty, and, furthermore, in view of the wide variation in apparent selling prices, the domestic manufacturers of oxide of magnesia would not be assisted or benefited by an increase in duty.

5. That should such proposed increase of duty go into effect the result would be an increase in cost to the many thousands of consumers of milk of magnesia and kindred products, the greater percentage of these medicinal products being used in hospitals and for children under the age of 5 years, and would not in any way benefit United States manufacturers, of which only two filed briefs, by putting them in a position, according to their data on cost of manufacture, to undersell a specialized product that has proved to have worked to the tremendous advantage of the public by lowering the retail cost of milk of magnesia.

6. That the domestic manufacturers have not proven that the importing of oxide of magnesia has curtailed their manufacturing operations, having mentioned only a decrease in sales for 1928 of 600 barrels, or approximately 18,000 pounds, whereas the table filed in their supplementary brief shows a decrease in 1927 of imports as against 1926 of over 250,000 pounds, while at the same period United States production decreased only a matter of slightly over 36,000 pounds. Since the complainants have stated their major operations to be confined to the manufacture of magnesium carbonate for the purpose of insulation, it is not too much to presume that the slight decrease in their activity in the sale of oxide of magnesia is due partly to the prior importance of their major operations and partly to their apparent inability to produce an oxide of magnesia suitable for the manufacture of milk of magnesia at the same time being within the price range of the manufacturers of this important medicine.

We express the hope that the foregoing contentions by which we have endeavored to demonstrate that an increase in duty on oxide of magnesia would effect a hardship and increase the living expense of the United States public at large, at the same time providing no benefits of note to the two manufacturers, who have in their briefs stated that the product was decidedly secondary to their major line of operations, will receive your careful consideration when recording an opinion as to the revision of tariff levied on the specialized product which we import. Since the increase in duty requested would only result in an increased cost to consumers of the products in which oxide of magnesia is used, said consumers being represented by millions of the American public, as against a very improbable detriment to only a few domestic manufacturers, it would seem to be apparent that the interests of the public would be best served by a downward revision in tariff or in the placing of the commodity on the free list, where it would effect an immediate benefit to many hundreds of local or domestic manufacturers and to many thousands of consumers of these manufacturers' products.

Respectfully submitted.

SCHOFFIELD-DONALD Co. (INC.),
154 Nassau Street, New York City.

JUNE 17, 1929.

MENTHOL

[Par. 52]

TESTIMONY OF C. G. YATES, REPRESENTING THE VICK CHEMICAL CO., PHILADELPHIA, AND LUDEN (INC.), AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. YATES. This is paragraph 52, menthol. I am vice president of the Vick Chemical Co., Philadelphia, and representing Luden and other users of or manufacturers of menthol.

Senator, there was no hearing before the House Ways and Means Committee, as I understand, or we did not have an opportunity to present the manufacturers' side as to this duty. The first we knew about it was the fact that the duty, as it came out of the House, was increased 50 per cent, in other words, from 50 cents to 75 cents per pound. In view of that I would like to ask permission for the industry to file a brief covering various points. I am not going to ask to take your time, and in the limited time this morning it would be impossible to cover the many phases of it. There is just one phase that I would like to elaborate upon, and one I think that you would be very much interested in.

Senator SMOOT. In other words, you think that the increase on menthol from 50 cents to 75 cents is not justified?

Mr. YATES. Is not justified. And we go back to the original position we took in 1921, as you remember, that we think that menthol should be on the free list even, but certainly not penalized with 50 per cent increase.

Senator SMOOT. The 50 cents would be satisfactory?

Mr. YATES. Yes; in a way.

Senator BARKLEY. That is, if you can not get it reduced?

Mr. YATES. If we can not get it reduced. I just want to elaborate on this feature. Since 1921 one manufacturer, that is, the Vick Co., in cooperation with the Department of Agriculture, has tried to grow Japanese mint in this country. We have tried it all over the States. We have tried it in North Carolina from the mountains to the seashore, in the old mint section in New York State, in Indiana, in Michigan, in Florida, and in California, and we still feel that it is in the laboratory or experimental stage. Now we can not see where this menthol needs any protection.

Senator SMOOT. Have you a brief that you desire to file?

Mr. YATES. I ask permission if we might file one. We do not have it ready just now.

Senator SMOOT. Will you hand it in some time to-day?

Mr. YATES. We will try to do so.

Senator SMOOT. We will be glad to have you do so.

Mr. YATES. I just wanted to say this in connection with trying to raise it in this country, that our company alone has spent, since 1921, over \$60,000 on the wrong side of the ledger trying to propagate this plant.

Under that same paragraph would it be appropriate for me to mention the camphor end? It is not listed in your brief.

Senator SMOOT. We left that just as it was.

Mr. YATES. Yes; though synthetic was reduced. I just wanted to say there that of the two, refined is used in the pharmaceutical end, and we thought that that was what needed to be reduced rather than the synthetic, because efforts are being made in this country to manufacture the synthetic, and we can not grow or produce the natural or the refined.

Senator SMOOT. Mr. Hyde?

Mr. YATES. Mr. Hyde is not here, sir.

Mr. STRASSER. We will file this brief, Mr. Chairman, now and ask leave to file any supplemental information that we prepare.

Senator SMOOT. Providing you can do it to-day.

Mr. STRASSER. Yes.

(Mr. Strasser submitted the following brief:)

BRIEF OF THE VICK CHEMICAL CO. AND LUDEN (INC.)

The tariff bill just passed by the House of Representatives increases the duty on menthol from the previous rate of 50 cents per pound to 75 cents, a 50 per cent increase.

I. Menthol is a snow-white crystal produced from *Mentha Arvensis*, a species of mint plant grown almost exclusively in Japan. The mint plants grown in the United States are known as *Mentha Peperita*. The United States Government itself has recognized the basic difference between the two, calling the oil from the Japanese plant "corn-mint oil" to distinguish it from the oil of the domestic plant, which is designated as "peppermint oil." Corn-mint oil is not recognized by the United States Pharmacopoeia or National Formulary. Its substitution for peppermint oil without appropriate designation on the label is forbidden by the Department of Agriculture. (United States Department of Agriculture Service and Regulation Announcements, Bureau of Chemistry No. 28, February 14, 1923.)

The only corn-mint oil produced here is the result of experiments made by domestic manufacturers who for years have tried, at great expense but without success, to develop the Japanese plant in the United States. The figures tell the story. Against a domestic production of 700,000 pounds of peppermint oil there was produced in the United States only a maximum of 12,000 pounds of corn-mint oil for 1928.

II. Menthol is used exclusively for medical purposes, chiefly in the form of ointments, lotions, antiseptics, inhalating substances, and the like. As a matter of strict justice, menthol should not bear any duty at all, because a duty means a tax on the sick. Medicines should be free, but in no event should the rates be increased.

III. The increased duty penalizes the domestic manufacturer in two ways. He must absorb the increase, because in many cases his product has been sold at a fixed retail price for years. Besides this, any increase in his cost of production makes it correspondingly difficult to maintain his export business, where he must meet the competition of free markets.

IV. Most important of all, even if a prohibitive duty were imposed, it would not benefit the domestic producer one iota. The American oil can not be substituted for the Japanese oil. The United States Department of Agriculture Farm Bulletin No. 1555, February, 1929, in describing the Japanese mint, says it is "of a different species of mint which yields an oil of different quality used largely as a source of natural menthol." The two oils are used for distinct and different purposes and are therefore noncompetitive.

V. Conclusions.

1. Menthol is a medicine. It should come in free.
2. The increased duty penalizes the manufacturer and consumer. It is a tax upon the sick.

3. The producer of domestic mint will not benefit, as his product is basically different from the imported and not used for the same purposes.

4. Years of experiment have shown the impossibility of growing the Japanese mint here on a profitable and commercial scale. Climate and soil differences can not be equalized by tariff increases.

Respectfully submitted.

VICK CHEMICAL Co., Philadelphia, Pa.,
LUDEN (INC.), Reading, Pa.,
By ARTHUR L. STRASSER, Attorney, New York City.

SUPPLEMENTAL BRIEF OF THE VICK CHEMICAL Co. AND LUDEN (INC.)

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: In view of the limited time given our representative, Mr. C. G. Yates, at the hearing it was impossible to go into the many persuasive reasons why menthol should be on the free list, nor was it possible to present the many cogent facts which would have shown beyond doubt why the increase in the duty is not warranted. We respectfully direct the committee's attention to and are content to rely upon the facts and information in possession of the Department of Agriculture and the experts of the Tariff Commission. We earnestly press upon the attention of the committee that our request to have the increased duty eliminated is amply sustained by the information collected by governmental departments. We refrain, therefore, from repeating here what the committee can ascertain from the accurate and unbiased information of the Government's experts.

We take the liberty of directing the attention of the committee to the new duties on camphor as disclosed by the House bill. The 1922 tariff act provided the following duties on camphor: "Camphor, crude natural, 1 cent per pound; camphor, refined or synthetic, 6 cents per pound." The present House bill provides as follows: "Natural crude camphor and synthetic camphor, 1 cent per pound; natural refined camphor, 6 cents per pound." In other words, the duty on synthetic camphor has been reduced from 6 cents per pound to 1 cent and the duty on natural refined camphor remains the same.

Briefly stated, our position is that it is synthetic camphor that needs protection. Natural refined camphor is used only for pharmaceutical purposes and can not be produced in the United States as can synthetic camphor. The duty on the natural refined camphor, therefore, should be reduced to 1 cent per pound, leaving the synthetic camphor protected at the existing rate.

We respectfully request that this letter be deemed a supplemental brief and filed accordingly.

Respectfully submitted.

VICK CHEMICAL Co., Philadelphia, Pa.,
LUDEN (INC.), Reading, Pa.,
By ARTHUR L. STRASSER, Attorney, New York City.

FISH OILS IN GENERAL

[Par. 53]

MEMORANDUM OF HON. FREDERICK STEIWER, A SENATOR FROM THE STATE OF OREGON

Hon. REED SMOOT,

Chairman Senate Finance Committee:

Senator Steiwer submits the following:

For a long period we have attempted to build up a fish oil industry on the West coast. It has met with some slight degree of success. The materials are there at hand and this business would thrive and be of considerable importance if it were not for the distressing effects of foreign competition.

I have received certain communications which I would like to have the committee consider, and I ask that the documents I hand to the clerk be incorporated in the record.

The committee will see from the text of these documents how essential it is to give some additional protection to these struggling industries.

ASTORIA, OREG., *May 17, 1929.*

HON. FREDERICK STEIWER,
United States Senate, Washington, D. C.

MY DEAR STEIWER: We appreciate very much the interest you have taken in our appeal for a more adequate tariff revision as affecting fish oils.

After you wired me for additional information, I made a trip to Seattle, which is the central distributing point for all the Northwest fisheries, and I hope the information I sent you from there and what additional information you will receive from W. R. Morse, president of the American Fish Oil Association, will be of benefit.

Summing the matter up briefly, the situation is that Canadian fisheries and other foreign fisheries have been growing very rapidly in the last few years. Fish oils are largely a by-product. Canadian production is large. This reduces the overhead cost and they have cheap labor—I am told Hindoos, Chinese, and Indians. At all events the Canadian imports are increasing each year and the price of fish oils is going down on account of over supply in the United States caused by these imports.

Salmon oil goes into the leather trade as does dogfish oil. These two oils would not go into the soap trade. If we can't get a 40 per cent ad valorem duty on all foreign oils, 40 per cent on the dogfish and pilchard oils, which are entirely Canadian oils, would help considerably.

My advices are there is plenty of oil in the United States for the soap trade, and the small amount of oil that might be imported if there was a small shortage would be a very small amount on which the soap people might have to pay duty.

The inclosed clipping would indicate that Canada is very insistent upon its fishing rights, and it seems to me not only fair that we should protect our end of the fishing industry, and the fish-oil business is a very important part to the Northwest coast, including Oregon, Washington, and California. The business has been on the sick list since 1926, which is the start of larger Canadian production.

If you will confer with Chairman Hawley and Senator McNary in our behalf your efforts will certainly be appreciated.

With kind personal regards,
Yours very truly,

DE FORCE OIL WORKS,
By A. OSBURN, *President.*

[Telegram]

ASTORIA, OREG., *February 16, 1929.*

HON. FREDERICK STEIWER,
United States Senate, Washington, D. C.:

We earnestly ask you to support tariff measure now pending to place higher tariff on Canadian fish oils. You understand importance of fishing industry to Oregon and Columbia River. Fish oil is a by-product from offall. Our greatest handicap is Canadian competition, although our product is superior.

DE FORCE OIL WORKS (INC.),
By A. OSBURN, *President.*

[Telegram]

ASTORIA, OREG., *May 10, 1929.*

HON. FREDERICK STEIWER,
United States Senate, Washington, D. C.:

Your wire May 9 present proposed tariff dogfish oil, pilchard oil, and herring oil not adequate to protect American oil industry. Forty per cent ad valorem should be prescribed as in direct competition with American fish oils. Columbia

River salmon oil always sold 50 cents gallon; now 36 cents, due to British Columbia competition in dogfish, pilchard, and herring oils. Forty per cent would be very fair and would protect American production and still not harm consumer. Will appreciate greatly all you can do for us. American investment badly in need of this protection. Brokers in oil use British Columbia product to hammer us down.

DE FORCE OIL WORKS,
By A. OSBURN, *President*.

[Telegram]

ASTORIA, OREG., *May 14, 1929.*

HON. FREDERICK STEIWER,
United States Senate, Washington, D. C.:

Cost of Alaska and Columbia River fish oils 1928 was 35 cents per gallon to produce; selling price was 40 cents. British Columbia pilchard and herring oils over 4,000,000 gallons produced 1928. Alaska and Columbia River 2,500,000 gallons herring and salmon oil 1928; no pilchard. Heavy imports reduces selling price each year. One-fifth of Alaska plants quit last year; Columbia River down to cost of production. Plenty of United States fish oils to supply soap and leather trade.

DE FORCE OIL WORKS,
By A. OSBURN, *President*.

[Telegram]

ASTORIA, OREG., *May 15, 1929.*

HON. FREDERICK STEIWER,
United States Senate, Washington, D. C.:

Referring to the new tariff measure before Congress strongly urge that present ad valorem of 20 per cent on fish and salmon oils be doubled to adequately protect American manufacturers. Present rate insufficient to permit competition with foreign oils.

ALTOONA PACKING CO.

**STATEMENT OF W. D. GRAY, NEW YORK CITY, REPRESENTING
THE VIRGINIA FISHERMAN'S ASSOCIATION AND PACIFIC
HERRING PACKERS ASSOCIATION**

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. GRAY. I am here in behalf of paragraph 53, particularly menhaden.

Senator SMOOT. What do you want?

Mr. GRAY. Forty-five per cent ad valorem. That was our original request to the House Ways and Means Committee. That is on sod, herring, menhaden, whale, and seal oil.

Senator SMOOT. In other words, you want it on all of the fish and animal oils?

Mr. GRAY. We want it on all the fish and animal oils as set forth in the first three lines of paragraph 53.

Senator BARKLEY. You want 45 per cent ad valorem on all of those instead of the specific?

Mr. GRAY. Yes, sir. Our contention is that that is necessary in order to continue the American fishing industry. Rather than take up the time of the committee in debate I am perfectly willing to file

a brief. I have not appeared either in the House committee or here before.

Senator SMOOT. You have reference there to menhaden, 5 cents per gallon. Do you want 45 per cent ad valorem on that?

Mr. GRAY. I am particularly interested in menhaden fishing. I am a stockholder in two companies. We have lost \$60,000 in the last three years in our fishing.

Senator SMOOT. There have been no imports?

Mr. GRAY. There have been no imports, but there have been imports in seal oil and whale oil and interchangeable oil that affect our domestic markets, and those are the reasons why we lost money. We ask 45 per cent ad valorem because 45 per cent is necessary.

Senator BARKLEY. What does 45 per cent represent in cents per gallon?

Mr. GRAY. Forty-five per cent in cents per gallon represents a trifle over double the present tariff.

Senator BARKLEY. Probably 11 or 12 cents a gallon?

Mr. GRAY. I think it averages about 10.6 cents, sir.

Senator SMOOT. Have you a brief to file, Mr. Gray?

Mr. GRAY. I have no brief prepared, but I could have one prepared by morning. I did not realize that we were going to be limited to these 5-minute discussions.

Senator SMOOT. I think you had better prepare it and have it follow your remarks.

Mr. GRAY. Yes.

Senator BARKLEY. And would you set out briefly the capitalization of your company, and your profits, if there are any?

Mr. GRAY. Yes. And if the committee will permit, I would like to put in the production of the soap makers, who are our largest customers. Thank you, gentlemen.

SPERM OIL

[Par. 53]

TESTIMONY OF GILBERT P. SMITH, REPRESENTING THE COOK-SWAN OIL CORPORATION, NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You are interested in sperm oil.

Mr. SMITH. Yes.

Senator SMOOT. Paragraph 53?

Mr. SMITH. Yes.

Mr. Chairman and gentlemen of the committee, in order that the industry of refining of sperm oil and spermaceti may continue and develop in this country, we must have further protection than as outlined in the House bill. We ask for a spread of about 10 cents per gallon between the duty on crude and refined sperm oil. If you desire to retain the duty on sperm oil, refined or otherwise processed, at 14 cents per gallon, we respectfully urge that the duty on crude sperm oil be reduced to 6 cents per gallon, and which will conform to

the House bill of 6 cents per gallon on whale and seal oil. I do not know of any good reason why a duty of 10 cents per gallon should be imposed on crude sperm whale oil, while other whale oils take a duty of 6 cents. Sperm is only one of many species of whales.

In the House bill a proposed duty is mentioned of 6 cents per pound covering the importation of crude and refined spermaceti. We ask for 15 cents per pound in order to compete with the Japanese spermaceti, which is offered in this market at 10½ cents per pound.

Are there any questions, gentlemen?

Senator BARKLEY. You want 15 cents per pound duty instead of 6 cents?

Mr. SMITH. Yes. I have a very short brief.

Senator SMOOT. You may file it.

(Mr. Smith submitted the following brief:)

BRIEF OF THE COOK-SWAN OIL CO., NEW YORK CITY

HON. REED SMOOT,

*Chairman Committee on Finance,
United States Senate, Washington, D. C.*

DEAR SENATOR: I am president of the Cook-Swan Oil Corporation, which has a large and efficient plant for refining sperm oil, whale oil, and fish oil at Bayway, Elizabeth, N. J. This corporation purchased this plant at a receiver's sale in April, 1920. Prior to that time this plant was the property of the Cook, Swan & Young Corporation.

Our plant has a capacity for refining 10,000 barrels of sperm oil of 50 gallons each, which is sufficient to refine all the sperm oil consumed in the United States at the present time.

At the time of the 1920 tariff readjustment hearings before the Ways and Means Committee I appeared before that committee, and my testimony and my brief with respect to crude and refined oil and spermaceti will be found at pages 9451 to 9457 of the aforesaid hearings.

At the present time there is only one plant in addition to ours in the United States equipped to refine sperm oil.

Because of the fact that under the tariff act of 1922 the duty on refined sperm oil was 10 cents per gallon, the same as the duty on crude oil, and because spermaceti was placed on the free list, no company has been able to make a profit from refining crude sperm oil.

If it is desired to retain the duty on sperm oil, refined or otherwise processed, at 14 cents per gallon, we respectfully urge that the duty on crude sperm oil shall be reduced to 6 cents per gallon, the same as the duty proposed in the House bill on whale and seal oil, in order that the proper differential between the crude and refined oil shall be provided. If it is determined to retain the duty on crude sperm oil at 10 cents per gallon, we respectfully urge that the duty on refined or otherwise processed sperm oil shall be increased to 20 cents per gallon in order that the proper differential between the crude and refined sperm oil may be provided.

Japanese spermaceti wax is now being offered in the United States at 10½ cents per pound. It is our belief that the industry in the United States can not hope to meet this foreign competition unless the rate on spermaceti wax is increased from 6 cents to 15 cents per pound.

Cost figures showing the necessity for the changes in duties requested have been furnished to the Tariff Commission.

Respectfully submitted.

COOK-SWAN OIL CORPORATION,
By GILBERT P. SMITH, *President,*
New York City.

WOOL GREASE

[Par. 53]

STATEMENT OF HON. FRANK W. MONDELL, WASHINGTON, D. C.,
REPRESENTING THE PRODUCERS AND REFINERS OF WOOL
GREASES

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. MONDELL. In view of the desire of the committee that statements be brief, I shall refer to a memorandum which I prepared. I want to talk to the committee for a moment in regard to wool grease. I want to approve all that Mr. Frank D. Neill said in regard to wool grease in this hearing and in his brief filed with the committee.

The Tariff Commission defines wool grease as the fatty substance which is present in raw wool. (Tariff Information, Schedule 1, p. 264.) Veitch, of the Department of Agriculture, estimates that the wool scoured in America contains from sixty to seventy million pounds of grease. The Tariff Commission gives the domestic production of crude wool grease at about six and one-half million pounds in 1928; the production of refined wool grease was probably about 2,000,000 pounds, or a total production in America of less than 10,000,000 pounds out of a possible production of sixty to seventy million pounds. At least five-sixths of the wool grease of the country is therefore going to waste, representing a loss in the total production of scouring liquors, according to Veitch's estimate, of approximately \$4,000,000 annually. (Wool scouring waste liquors, Veitch and Benedict, 1925).

This represents more than a mere loss of this sum as the waste liquor, as stated by Veitch, is dirty, greasy, and foul-smelling, rapidly decomposed by fermentation, thus liberating the foul slimy matter contained in it, which is deposited on the bottom and along the banks of the streams which either directly or indirectly supply the drinking water for many of our villages and big cities.

There is, therefore, not only this great loss but a real menace which has been recognized and sought to be cured by legislation requiring the purification of these liquors.

In Europe, where the scouring plants are generally in the vicinity of large population, municipal regulations compelling purification of scouring liquors are rigidly enforced. This fact, together with the much lower labor costs there than here, has resulted in a much larger recovery of wool greases and a consequent large export of wool greases to the United States almost in the nature of a dumping proceeding and at any price obtainable.

The Tariff Commission gives the importation as—

	Pounds
Crude wool grease, 1928.....	8, 297, 650
Refined wool grease, 1928.....	2, 371, 310
Total.....	10, 668, 960

The importations therefore were nearly 11,000,000 pounds, as compared to American production of less than 10,000,000 pounds. In other words, while we refined last year about 10,000,000 pounds, 11,000,000 pounds and more were imported.

The Tariff Commission calls attention to the fact, which was verified by evidence presented to the House committee, that "Most of the wollen mills operating in States without stream-pollution laws do not recover the wool grease. A number of mills operating in States with such laws do so at a loss." This loss ranges from 1 cent to 2 cents per pound on crude and from 3 to 5 cents per pound on refined wool grease.

With the coming of the World War, foreign supplies were largely cut off. The needs for wool grease for a variety of uses were greatly increased, and many American woolen mills put in expensive machinery for the recovery of wool greases. At the close of the war there was a renewed flood of importations and American costs were so high that except where mills were compelled by local sanitary regulations to continue to purify their scouring liquids, the production of wool greases was abandoned. The tariff act of 1922 carried a duty of one-half cent a pound on crude wool grease and 1 cent per pound on refined. At that time a comparatively few communities were enforcing sanitary regulations. The importance of recovering these wastes was not fully appreciated and the persistence of the flood of foreign importations had not been fully developed. We are now confronted with the increasing demand of communities that scouring liquids be purified; an increasing realization of the importance of putting an end to the great waste of a valuable product, and of rendering America, at least to a large degree, independent of foreign supplies.

Representatives of American woolen mills, scouring and refining plants, appeared before the House committee requesting a reclassification of wool greases into three classes and a change in phraseology. This was accomplished. These producers also requested an increase of duty from one-half to 2 cents per pound on crude wool grease; of from 3 to 5 cents a pound on neutral; and to 8 cents per pound on lanoline, the most highly refined product. The House increased the duty to 1 cent on crude, 2 cents on intermediate, and 3 cents on lanoline.

This is a good beginning and a clear recognition of the importance of this industry, but the increases are not sufficient to cover the actual loss in the cost of production or to insure an increase in American production. The rates asked for before the House were carefully considered and were certainly not excessive, but it is possible that losses can be recovered and the industry made sufficiently remunerative to very considerably increase American production by an increase to 2 cents on wool grease "containing more than 2 per cent of free fatty acids, of 4 cents on intermediate or neutral greases containing less than 2 per cent, and of 6 cents on the fully refined lanoline."

These rates are reasonable from every viewpoint. First, because they are essential to prevent actual loss in recovery that is required to prevent pollution; second, because they are essential to permanently

establish this industry for the recovery of wastes; and, third, because the rates on an ad valorem basis, even at the low prices which foreign dumping has established in the last few years.

The Tariff Commission gives the spot New York prices, 1926 to 1928, crude grease at about 4½ cents per pound, lanoline 15 to 18 cents. The relative prices of intermediate or neutral greases are about midway between these two. On the basis of these prices, the rates of 2, 4, and 6 cents requested are, on an ad valorem basis, approximately 45 per cent.

And I particularly ask the attention of the committee to this fact, that while the rates that were asked for in the House, of 2, 5, and 7 cents, were not excessive, were not more than the industry ought to have in order to get on its feet and recover its losses, and to save our streams from pollution, my opinion is, and I have so stated to those whom I represent, that a duty of 2, 4, and 6 cents will make it possible for these people to establish, maintain, and extend their business.

These are certainly reasonable rates for an industry which is at present running at a loss, and for the protection and building up of an industry which will protect communities from pollution, effect the recovery of a valuable product now going to waste, and place American producers on a fair equality with foreign production.

Certainly these requests are reasonable. May I call attention to this fact, that a loss of 1.78 cents a pound has been testified to here before the Committee on Ways and Means of the House, on crude wool grease, and that a loss on technical aniline and refined aniline has been testified to as having been from 2, 3 and as high as 4 cents a pound.

I thank you, gentlemen of the committee.

STATEMENT OF FRANK D. NEILL, REPRESENTING VICTORIA MILLS, BOSTON, MASS.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You appeared before the House committee, did you, Mr. Neill?

Mr. NEILL. Yes.

Senator BARKLEY. Whom do you represent?

Mr. NEILL. I represent the Victoria Mills and other mills, representing 90 per cent of the manufacturers of wool grease in the United States. I wish to express two things that have not been expressed in the House committee hearings.

The first is this: Abroad, due to antistream pollution, all wool grease is recovered. That is due to antistream pollution laws. In other words, it is compulsory. In this country the majority of the producers recover wool grease because it is compulsory by antistream pollution laws in some of the States. We have not built these plants as a competitive industry. As in the testimony before the House Ways and Means Committee the increase of 1½ cents a pound which we ask will not cover the average loss per pound for the last three

years. We were given by the House Committee on Ways and Means an increase of one-half cent per pound.

Senator BARKLEY. Where is this?

Mr. NEILL. Paragraph 53, sir; under "Wool grease, crude."

Senator SMOOT. Page 26.

Mr. NEILL. It may seem to you rather a small thing to ask for this extra increase of another cent a pound over the House bill, but it is due to this fact that this loss which we are all entailing is cumulative. It has been going on for years and years, and will continue to go on for years and years unless we are helped out by your committee.

One other thing is this: While crude wool grease has been very little talked about, yet it is one of the few products which were allocated during the war by the Government. Therefore, under war conditions it is a necessary product. That applies to crude wool grease and the refined as well.

I filed a brief, but I found upon your interpretation that it did not apply to these hearings, so I wish these remarks to be taken as evidence, and I thank you very kindly for your courtesy.

(The following telegram was submitted:)

TELEGRAM FROM THE HENRY WILHELM CO., PITTSBURGH, PA.

PITTSBURGH, PA., June 16, 1929.

I. M. STEWART,

Clerk Finance Committee,

United States Senate, Washington, D. C.:

Your telegram 15th very much appreciated. Regret recent operation prevents me from attending hearing on chemical schedule Monday, 17th, and therefore hope you will be kind enough to place contents of this wire before Finance Committee. Domestic washeries claim 3 cents has been maximum market price, whereas we have for some time sold large consumers, to who they also cater, at prices ranging from 3¼ to 4 cents per pound, same terms and conditions. There has not been any foreign wool grease of reliable competition quality on the market at the prices claimed by the washeries. Figures given in their testimony are misleading, because prices are undoubtedly c. i. f. American port and do not take into consideration present tariff of one-half cent per pound. Many of our most important industries, such as steel, oil, textile, and leather, can not use domestic wool grease because the quality is unsuitable and they are therefore dependent upon foreign washeries for this important raw material. A higher tariff would therefore be discriminatory.

HENRY WILHELM CO.,
By EDWIN G. WILHELM.

ANIMAL AND VEGETABLE OILS IN GENERAL

[Pars. 53-58]

STATEMENT OF CHARLES W. HOLMAN, WASHINGTON, D. C., REPRESENTING THE NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION

(The witness had previously been sworn by the chairman of the subcommittee.)

Senator SMOOT. You have already been sworn.

Mr. HOLMAN. I was sworn earlier, Mr. Chairman. I will take just a minute.

Senator SMOOR. Have you a brief to file on this?

Mr. HOLMAN. Not a brief, Senator, but an outline of our requested rates of duties and an analysis for the benefit of the committee so that they may see the problem as it concerns this particular matter.

Senator BARKLEY. What paragraph of the bill?

Mr. HOLMAN. I am speaking about paragraphs 53, 54, 55, 57, and 58, all of the oils and fats in Schedule 1. The chart which is attached to the document which I will file with you will show the respective percentages in terms of volume of the oils and fats that are embraced in the entire tariff fight. The committee will note that flaxseed, coconut oil, palm oil, whale oil, and menhaden constitute some of the very important oils that should be taken care of.

In this particular schedule only approximately one-quarter of a billion pounds of oils are represented, as against 1,750,000,000 pounds in the entire tariff struggle that we are having on this question. In Schedule 7 there are one-half a billion pounds. The free list constitutes more than half of the problem, and it is to that point that we desire to make our principal argument.

At this time I would like to state that this is the largest single problem that the farmers are interested in jointly. Practically every agricultural group in the United States has joined in the request for equalized duties. The reasons for the equalization we have stated at great length in the House Ways and Means Committee brief. We hope that the committee will consider our request for a rate of 45 per cent. But even if the committee should not consider that request, we do hope that it will put all of these oils and fats on an absolute parity one with the other through having the same rate of ad valorem apply in terms of specific equivalents. Those have been translated in the document we now file with you.

The farmers who are interested in producing oils and fats consider that this is the greatest single competitive menace to agriculture, there being about \$149,000,000 worth of them imported into this country annually.

In studying the tariff bill we have found—and that is shown in this document—that wherever the duties were above 15 per cent ad valorem the products tended to decrease materially in coming into this country. Where they were under 15 per cent they increased in astounding proportions.

Senator BARKLEY. For instance, you suggest on these various oils 2 cents per pound, and 2.7 cents, and 2.4 cents, and 2.2 cents, and then below you say, "45 per cent ad valorem." Do you mean in addition to those specifics?

Mr. HOLMAN. No, sir; those specific rates that we request are the equivalent of 45 per cent ad valorem. That is, we have taken the entire tariff structure and worked out by the weighted average method what should be the specific equivalents of 45 per cent ad valorem.

Senator BARKLEY. You are asking, then, that they all be grouped under a 45 per cent ad valorem tax?

Mr. HOLMAN. We would be perfectly willing to have that, except that if the oil-price structure should go down the specific equivalent is a protection against price decline. And, of course, we are asking for this primarily because the prices on oil are translated back into the prices for the raw product which the farmer produces.

Thank you.

(The data submitted by Mr. Holman is as follows:)

Animal, fish, and vegetable oils and fats and combinations, Senate hearings, tariff act of 1929, Schedule I—Requested rates, rates passed by House, and rates in tariff act of 1922

[Articles as listed in tariff act of 1922, with changes proposed in House bill 2667, tariff bill of 1929]

Paragraph No., act of 1922	Item	Status, act of 1922	Proposed status, bill of 1929	Rate requested by allied agricultural groups ¹	Remarks
1.....	Acids, fatty: Oleic (red oil).....	1½ cents per pound.....	25 per cent ad valorem..	45 per cent ad valorem..	1½ cents per pound=16.51 per cent ad valorem 1927 imports.
	Stearic.....	do.....	do.....	do.....	1½ cents per pound=14.49 per cent ad valorem 1927 imports.
53.....	Oils, fish: Cod, herring, menhaden.....	5 cents per gallon.....	5 cents per gallon.....	2 cents per pound ²	5 cents per gallon=0.7 cent per pound.
	Whale.....	6 cents per gallon.....	6 cents per gallon.....	2.7 cents per pound.....	6 cents per gallon= 0.8 cent per pound.
	Seal.....	do.....	do.....	2.4 cents per pound.....	Do.
	Sperm.....	10 cents per gallon.....	10 cents per gallon ³	2.2 cents per pound.....	10 cents per gallon=1.3 cents per pound.
	All other fish oils, n. s. p. f.....	20 per cent ad valorem..	20 per cent ad valorem..	45 per cent ad valorem..	
53.....	Additions to par. 53, as proposed by House bill of 1929: Sperm, refined or otherwise processed.	10 cents per gallon.....	14 cents per gallon.....	No request other than for sperm oil; see above.	10 cents per gallon=1.3 cents per pound. 14 cents per gallon=1.9 cents per pound. Covered in act of 1922 under term "Sperm oil" par. 92.
1630.....	Spermaceti wax.....	Free.....	6 cents per pound.....	No specific request made.	Listed as spermacetic oil in act of 1922. Imported free under par. 1630 of that act, "Oils, animal: spermacetic, whale, etc." Could also be imported under 1603—wax, animal, vegetable, mineral, n. s. p. f.—Free. A comparison of the rates proposed by the House bill with those in the act of 1922 is practically impossible because of the change in terminology and classification. Imports for consumption in 1927 are as follows: ⁴
	(Oils, animal: Wool grease, crude, including that commar-	½ cent per pound.....	See below.....	½ cent per pound ⁴	

Wool grease	Pounds	Value	Duty	Equivalent ad valorem duty (per cent)
Crude.....	9,009,632	\$279,544	\$45,048.16	16.11
Refined.....	1,917,185	150,419	19,171.85	12.75
Weighted average.	10,926,817	429,963	64,220.10	14.94

53-----

usually known as de greas or brown wool grease.	1 cent per pound-----	do-----	1 cent per pound-----
Wool grease, not crude, including adeps lanae, hydrous and anhydrous.			
Wool grease as classified and listed in House bill of 1929:			
Wool grease containing--	See above-----	1 cent per pound-----	See above-----
(a) More than 2 per cent free fatty acid.	do-----	2 cents per pound-----	do-----
(b) Less than 2 per cent free fatty acids, not suitable for medicinal use.	do-----	3 cents per pound-----	do-----
(c) Less than 2 per cent free fatty acids, suitable for medicinal use.			
All other animal oils, fats, and greases n. s. p. l.	20 per cent ad valorem.	20 per cent ad valorem.	45 per cent ad valorem.

Imports for consumption 1928 are as follows:

Wool grease	Pounds	Value	Duty	Equivalent ad valorem duty (per cent)
Crude-----	8,297,650	\$202,611	\$41,488.25	20.48
Refined-----	2,371,310	156,764	23,713.10	15.13
Weighted average.	10,668,960	359,375	65,201.35	18.14

An estimate of the effect of the provision of the bill of 1929 on 1928 imports as presented below:

Wool grease	New class	Pounds	Value	Duty	Equivalent ad valorem duty (per cent)
Crude-----	(a)	8,297,650	\$202,611	\$2,976.50	40.96
Refined ¹	(a)	790,438	156,764	7,904.38	29.61
	(b)	790,438		15,908.72	
	(c)	790,438		22,713.05	
Weighted average.		10,668,960	359,375	129,402.65	36.01

(1) "Refined" split equally to 1/3(a), 1/3(b), 1/3(c).

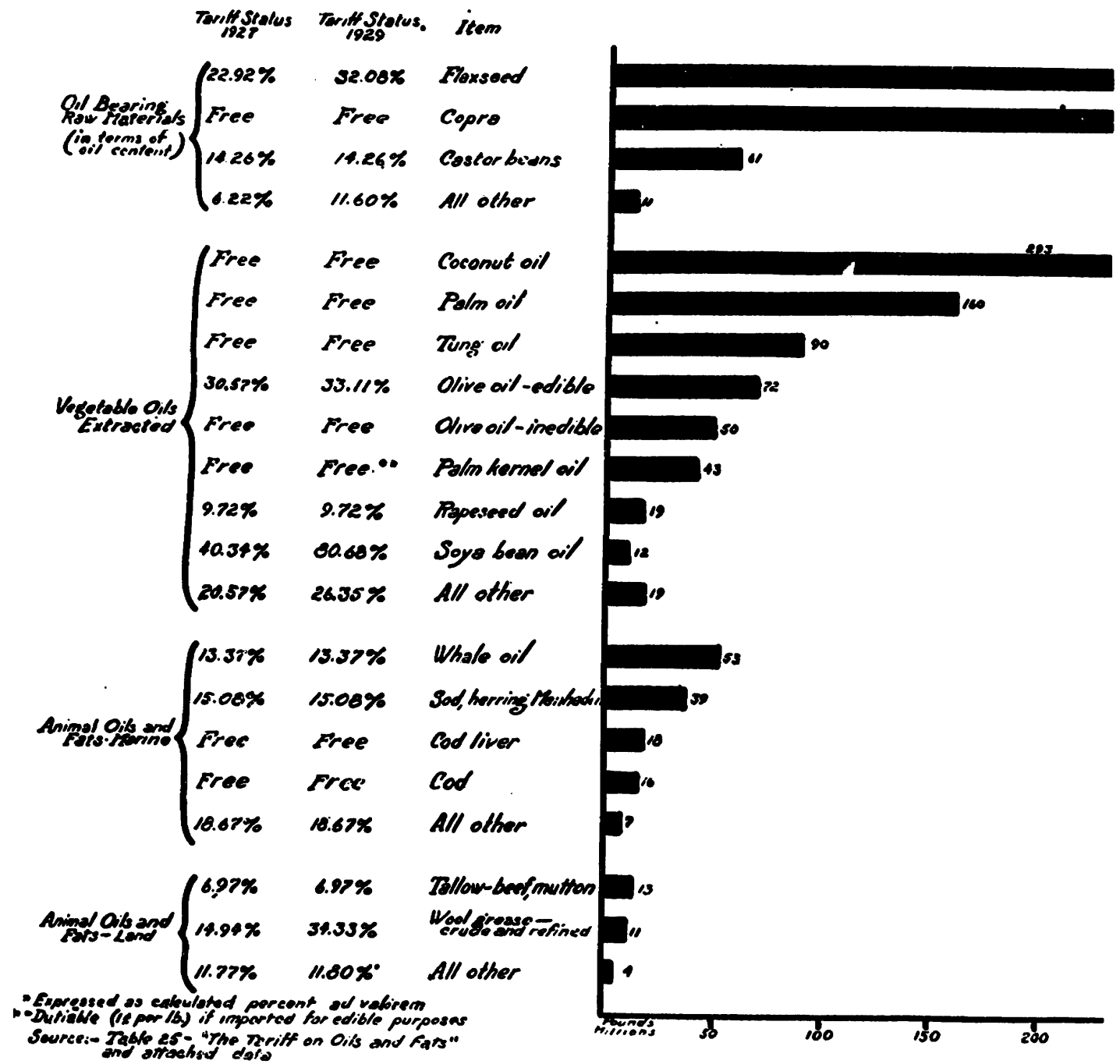
¹ These rates are identical with those requested by the applicants before the House Committee on Ways and Means.
² In addition to and in conjunction with the requested specific rate, the following phrase is requested to apply to each item of imports "But not less than 45 per cent ad valorem."
³ Applies to (sperm oil) "crude" only in new bill.
⁴ See S. H. L.
⁵ All data from Table 9, imports for consumption (U. S. D. C. Bur. For. & Dom. Com. 1927 and 1928 Annual Reports).

Animal, fish, and vegetable oils and fats and combinations, Senate hearings, tariff act of 1929, Schedule I—Requested rates, rates passed by House, and rates in tariff act of 1922—Continued

[Articles as listed in tariff act of 1922, with changes proposed in House bill 2667, tariff bill of 1929]

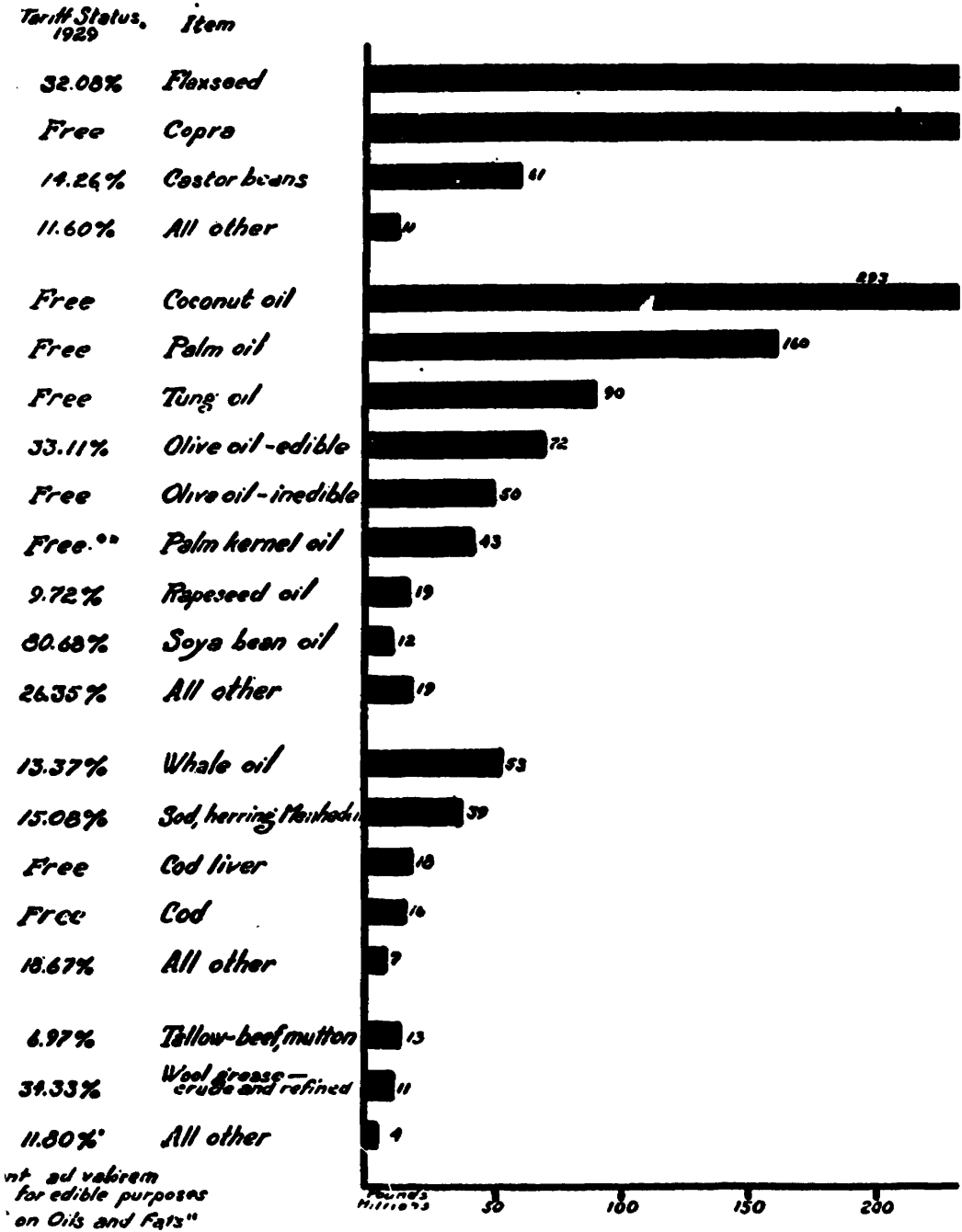
Paragraph No., act of 1922	Item	Status, act of 1922	Proposed status, bill of 1929	Rate requested by allied agricultural groups	Remarks
54.....	Oils, vegetable, expressed or extracted:				
	Castor.....	3 cents per pound.....	3 cents per pound.....	5 cents per pound ²	
	Hempseed.....	1½ cents per pound.....	1¼ cents per pound.....	4½ cents per pound.....	
	Linseed or flaxseed, raw, boiled, or oxidized.	8.3 cents per pound.....	4.16 cents per pound.....	.....do.....	
	Olive, weighing with the immediate container less than 40 pounds.	7¼ cents per pound.....	8¼ cents per pound.....	10.4 cents per pound.....	Duty to be collected on contents and container, "we are increasing the latter rate to 8¼ cents. This is to take care of the tinning industry. . . . we submit this amendment." (Mr. Hadley, Cong. Record, May 25, 1929, p. 1974.)
	Olive, n. s. p. l.....	6¼ cents per pound.....	6¼ cents per pound.....	.....do.....	
	Poppy-seed, raw, boiled, or oxidized.	2 cents per pound.....	2 cents per pound.....	8.8 cents per pound.....	
	Rapeseed.....	6 cents per gallon.....	6 cents per gallon.....	3.7 cents per pound.....	6 cents per gallon=0.8 cents per pound.
	All other expressed or extracted oils, n. s. p. l.	20 per cent ad valorem.	20 per cent ad valorem.	45 per cent ad valorem.	
55.....	Oils, vegetable expressed or extracted:				
	Coconut oil (not product of Philippine Islands).	2 cents per pound.....	2 cents per pound.....	3.6 cents per pound ²	Request full rate to apply to all imports irrespective of origin.
	Cottonseed oil.....	3 cents per pound.....	3 cents per pound.....	.....do.....	
	Peanut oil.....	4 cents per pound.....	4 cents per pound.....	5.4 cents per pound.....	
	Soya bean oil.....	2½ cents per pound.....	5 cents per pound.....	2.8 cents per pound.....	Rate proposed by House bill equal to 20.68 per cent ad valorem, based on imports for consumption 1927.
Par. 55 as affected by sec. 301.	Coconut oil (product of Philippine Islands).	Free.....	Free.....	3.6 cents per pound.....	Request abolition of preferential treatment of this item under sec. 301, tariff act of 1922.
1632.....	Additions to par. 55 as proposed by House bill of 1929:				
	Sesame oil.....	.....do.....	3 cents per pound.....	5.4 cents per pound.....	
Do.....	Palm kernel oil (if imported for use as food).	.....do.....	1 cent per pound.....	3.6 cents per pound.....	Request duty be applicable irrespective of use for which imported.

*Vegetable, Animal and Marine Fats, O.
Complete Analysis of Imports into United States
1927*



* Expressed as calculated percent ad valorem
 ** Dutiable (12 per lb) if imported for edible purposes
 Source: - Table 25 - "The Tariff on Oils and Fats"
 and attached data

*Vegetable, Animal and Marine Fats, O.
Complete Analysis of Imports into United States
1927*



1. (Face p. 220.)

*Oils and Greases
and States for Consumption*



*Natl Cooperative Milk Producers' Federation
and Allied Organizations.*

<p>87.....</p>	<p>Hydrogenated or hardened oils or fats. n.s.p. f.</p> <p>All oils or fats the composition and properties of which have been changed by vulcanizing, oxidizing, chlorinating, or other chemical process and n. s. p. f.</p>	<p>4 cents per pound.....</p> <p>20 per cent ad valorem.</p>	<p>4 cents per pound.....</p> <p>20 per cent ad valorem.</p>	<p>1 cent per pound additional to duty of oil from which chiefly made but not less than 45 per cent ad valorem.</p> <p>45 per cent ad valorem.</p>	<p>It is proposed by applicants that this portion of par. 87 be struck out and a provision be inserted in pars. No. 83, 84, and 85 to cover each item therein listed when and if hydrogenate or hardened.</p>
<p>88.....</p>	<p>Combinations and mixtures of animal, vegetable, or mineral oils, or any of them except combinations or mixtures containing essential or distilled oils with or without other substances and n. s. p. f., provided that no article containing alcohol shall be classified for duty under this paragraph.</p>	<p>25 per cent ad valorem.</p>	<p>25 per cent ad valorem but not less than the rate applicable to the component material subject to the highest rate of duty.</p>	<p>45 per cent ad valorem.</p>	

¹In addition to and in conjunction with the requested specific rate, the following phrase is requested to apply to each item of imports "But not less than 45 per cent ad valorem."

Imports of animal, vegetable, and marine fats, oils, and greases and related oil-bearing raw materials under all paragraphs concerned in act of 1922

Imports for consumption, 1927, Table 9, U. S. D. O. For. & Dom. Com. & Nav., 1927. Subtotals by schedules under which entered]

Entered under schedule No.—	Articles listed in par. No.—	Outline of articles included	Volume of imports (pounds)	Value of imports (dollars)	Duty paid (dollars)	Equivalent ad valorem rate (per cent)
1.....	1, 53, 54, 55, 57, 58.	Fatty acids, fish and animal oils (inedible), extracted or expressed vegetable oils, hydrogenated oils, and combinations of oils.	225,912,578	25,820,102.00	6,758,126.30	26.17
7.....	701, 703, 760.	Cattle fats and greases, hog fats and greases; oilseeds. ¹	532,826,506	44,822,416.00	9,605,915.06	21.6
14.....	1450.....	Olive nuts, ground.....	5,000	320.00	64.00	20.00
Subtotal, all dutiable imports.....			758,744,084	70,642,838.00	16,364,105.36	23.10
Free list.....	1626, 1630, 1632, 1601.	Oilseeds, ² fish oils, vegetable oils, expressed or extracted, and vegetable tallow.	678,654,659	58,342,250.00	None.	.....
Title 3.....	Secs. 301, 309.	Products of Philippine Islands, supplies for vessels of war of recognized foreign nations.	293,629,302	22,926,664.00	None.	.....
Subtotal, all nondutiable imports.....			972,283,961	81,268,914.00	None.	.....
Grand total, all imports, animal, vegetable, marine fats, oils, greases, and related oil-bearing raw materials.....			1,731,028,045	151,911,752.00	16,364,105.36	10.77

¹ All articles imported as tabulated in Table 25, The Tariff on Oils and Fats, by Holman and others.

² Oil-bearing raw materials expressed in terms of oil content at recognized percentages of extraction.

Imports of animal, vegetable, and marine fats, oils and greases and combinations under Schedule I, tariff act of 1922, during calendar year 1927

[All items of imports classified under pars. 1, 53, 54, 55, 57 and 58]

Item	Rate of duty	Volume of imports (pounds)	Value of imports (dollars)	Duty paid (dollars)	Equivalent ad valorem rate (per cent)
Entered under par. 1:					
Acids, fatty—					
Oleic (red oil).....	1½ cents per lb....	78,586	7,140.00	1,173.49	16.51
Stearic.....	1½ cents per lb....	1,022,275	105,793.00	15,534.13	14.6
Subtotal, all imports classified under par. 1.		1,100,861	112,933.00	16,707.62	14.6
Entered under par. 53:					
Oils, fish—					
Cod, herring, menhaden..	5 cents per gal....	39,215,918	1,733,782.00	261,439.45	15.09
Whale.....	6 cents per gal....	53,130,852	3,178,723.00	425,047.62	13.37
Seal.....	6 cents per gal....	4,718,700	230,969.00	37,749.60	16.04
Sperm.....	10 cents per gal....	1,994,573	95,597.00	26,598.30	27.82
All other fish oils n. s. p. l.	20% ad valorem..	693,975	28,420.00	5,684.00	20.00
Oils, animal—					
Wool grease, crude.....	½ cent per lb.....	9,009,632	279,544.00	45,048.16	16.11
Wool grease, not crude..	1 cent per lb.....	1,917,185	150,419.00	19,171.65	12.73
All other inedible animal oils, fats and greases n. s. p. l.	20% ad valorem..	144,353	10,729.00	2,145.80	20.00
Subtotal, all imports classified under par. 53.		110,826,588	5,728,185.00	830,884.78	14.51

Imports of animal, vegetable, and marine fats, oils and greases and combinations under Schedule I, tariff act of 1922, during calendar year 1927—Continued

[All items of imports classified under pars. 1, 53, 54, 55, 57 and 58]

Item	Rate of duty	Volume of imports (pounds)	Value of imports (dollars)	Duty paid (dollars)	Equivalent ad valorem rate (per cent)
Entered under par. 54:					
Oils, vegetable, expressed or extracted—					
Castor.....	3 cents per lb.....	18,962	8,771.00	568.86	6.53
Hempseed (no imports recorded separately).					
Linseed.....	3.3 cents per lb....	6,360,283	432,415.00	209,889.34	48.54
Olive, 40-pound package.	7½ cents per lb....	42,262,490	9,782,192.00	3,169,686.75	32.40
Olive, n. s. p. l.....	6¼ cents per lb....	29,688,216	6,874,893.00	1,923,104.04	27.97
Poppy seed.....	2 cents per lb.....	41,614	8,122.00	832.28	10.25
Rapeseed.....	6 cents per gal....	19,223,933	1,581,910.00	153,791.46	9.72
All other vegetable oils—expressed or extracted n. s. p. l.	20 per cent ad valorem.	1,641,181	148,111.00	29,622.20	20.00
Subtotal, all imports classified under par. 54.		99,134,679	18,836,414.00	5,487,494.93	29.13
Entered under par. 55:					
Coconut, not product of Philippine Islands.	2 cents per lb.....	38,014	2,990.00	760.28	25.43
Cottonseed.....	3 cents per lb.....	294	52.00	11.82	22.73
Peanut.....	4 cents per lb.....	2,809,505	335,635.00	112,380.20	33.48
Soy bean.....	2¼ cents per lb....	11,618,027	713,657.00	287,875.68	40.34
All other vegetable oils, n. s. p. l.	25% ad valorem..				25.00
Cocoa butter and olive oil from Cuba.	7½ cents per lb., less 20%.	186,669	56,590.00	14,159.00	48.00
Subtotal, all imports classified under par. 55.		14,549,609	1,108,924.00	415,186.98	37.44
Entered under par. 57:					
Hydrogenated vegetable oils.	4 cents per lb.....	93,926	15,531.00	3,757.04	24.19
Vulcanized (etc.) vegetable oils.	20% ad valorem..	78,713	3,147.00	629.40	20.00
Palm stearin.....	20% ad valorem..	12,154	1,629.00	325.80	20.00
Subtotal, all imports classified under par. 57.		184,793	20,307.00	4,712.24	23.21
Entered under par. 58:					
Combinations, etc., of vegetable oils.	25% ad valorem..	117,068	13,339.00	3,334.75	25.00
Subtotal, all imports classified under par. 58.		117,068	13,339.00	3,334.75	25.00
Grand total, all imports classified under schedule I.		225,912,578	25,820,102.00	6,758,126.30	26.70

SUMMARY OF SCHEDULE 1 (BY PARAGRAPHS)

1	Acids, fatty.....		1,100,841	112,963.00	16,512.62	14.62
53	Oils, fish and animal, classified as "medicinal".....		110,825,589	5,728,185.00	830,884.78	14.51
54	Oils, vegetable, expressed or extracted.....		99,134,679	18,836,414.00	5,487,494.93	29.13
55	Oils, vegetable (continued).....		14,549,609	1,108,924.00	415,186.98	37.44
57	Oils, hydrogenated, vulcanized, etc.....		184,793	20,307.00	4,712.24	23.21
58	Oils, combinations, etc.....		117,068	13,339.00	3,334.75	25.00
	Total, all imports, classified under Schedule I.....		225,912,578	25,820,102.00	6,758,126.30	26.17

UNEQUALIZED TARIFF RATES ACT AS A SELECTIVE AGENCY UPON IMPORTS

The effect of unequalized rates is to switch imports from one product to another when such rates apply to several interchangeable products such as vegetable and animal oils and fats. In general, when duties imposed represent less than an equivalent ad valorem rate of 15 per cent imports have increased; when duties represent more than 15 per cent imports have declined. As, for instance, in the following table, group A oils have entered free during the past 10 years or at rates less than 15 per cent; on the other hand, group B oils have been assessed duties of more than 15 per cent. Imports of group A oils have increased tremendously during the past 10 years. Group B oils have almost disappeared in the import trade of the United States during the same period.

Imports for consumption

GROUP A

[Table 9.—U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Annual Reports]

[All data in pounds]

Oil	Amount	Year	Calculated rate	Amount	Calculated rate
	<i>Pounds</i>		<i>Per cent</i>	<i>Pounds</i>	<i>Per cent</i>
Whale oil.....	3, 113, 723	1917	8.87	53, 130, 953	13.37
Menhaden, herring cod oils.....	13, 222, 838	1918	4.42	39, 215, 918	15.08
Palm oil.....	20, 993, 085	1918	None.	159, 911, 079	None.
Palm kernel oil.....	33, 564	1918	None.	43, 127, 657	None.

GROUP B

Oil	Imports 10 years ago			Imports in 1927	
	Amount	Year	Calculated rate	Amount	Calculated rate
	<i>Pounds</i>		<i>Per cent</i>	<i>Pounds</i>	<i>Per cent</i>
Soy bean oil.....	343, 358, 048	1918	None.	11, 515, 027	40.34
Peanut oil.....	68, 331, 758	1918	6.43	2, 809, 505	33.48

STATEMENT OF ED. WOODALL, HOUSTON, TEX., REPRESENTING TEXAS AND OKLAHOMA COTTON SEED CRUSHERS ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. WOODALL. Mr. Chairman and gentlemen of the committee, I represent the Texas and Oklahoma Cotton Seed Crushers Association, of more than 225 mills. My address is 1204 Santa Fe Building, Dallas, Tex.

Gentlemen, I must apologize that this is rather hurried—

The CHAIRMAN. You appeared before the House committee, did you?

Mr. WOODALL. I did appear. I am not going into any detail, except that I do want to say that for southern farmers and for the crude cotton oil industry, the necessity for tariff protection against foreign imported oils is an absolute essential unless we are prepared to see the industry decay.

The present price level is the difference between 6 cents a pound above the pre-war average and about 7½ to 7¾ cents a pound on cotton oil at this time.

The crushing costs have advanced 60 per cent. It is freely predicted within the trade—and this I can substantiate if I have the time—that, with enormous imports of all foreign oils and particularly copra and coconut oils from the Philippines, we are going to have a pre-war price level this fall. So, with the increased crushing cost taken from the farmer, it means a desperately low price.

So far as I know, it is the only item in the whole agricultural schedule that has not been fairly well taken care of in the House. No real protective measure is possible with continued free imports from the Philippines. Especially is that true if copra continues to be left on the free list.

Our attitude is that we either have to consider our own American producers and make some kind of preferential rate to the Philippines, or limit the amount that can come in. Otherwise we have to produce cotton oil on a coconut oil level, and palm oil level, too.

The duties granted by the Ways and Means Committee on palm and palm kernel oil, of 1 cent a pound, are wholly insufficient. That is even invalidated, if it is denatured. I know of no way that the vegetable oil industry can be divided, allocating a certain part for soaps and industrial purposes and a certain other part for edible purposes, for the simple reason that they are all more or less interchangeable and more or less substitutes. It is regrettable, of course.

Senator EDGE. Do I understand that you are satisfied with the present 3 cents a pound on cottonseed oil?

Mr. WOODALL. Senator, on cottonseed oil, I would say that cottonseed oil is no competitor.

Senator EDGE. No. I would like to get my question answered. Are you satisfied with the present duty of 3 cents a pound?

Mr. WOODALL. Three cents a pound on cotton oil is ample, because we do not get any cotton oil.

Senator EDGE. Your point is that the duty should be raised on the more or less comparable oil?

Mr. WOODALL. Yes. For instance, the House raised it on soy-bean oil, to 5 cents a pound. There was no reason for that, as I see it, because the tariff we have keeps soy-bean oil entirely out.

It is just as serious as can be. That is all I want to say to you. It is just as serious as can be for southern producers of cottonseed, and I think other fat producers in this country.

Senator EDGE. Did you file a brief stating the schedules that you advocated?

Mr. WOODALL. I joined in a general brief that the agricultural group filed.

(Mr. Woodall subsequently submitted the following supplemental statement:)

SUPPLEMENTAL STATEMENT BY ED WOODALL, CHAIRMAN OF THE TARIFF COMMITTEES OF THE TEXAS AND OKLAHOMA COTTON SEED CRUSHERS ASSOCIATION, COMPOSED OF SOME 230 COTTONSEED OIL MILLS

Hon. REED SMOOT,

Chairman Senate Finance Committee:

In addition to joining in the general brief filed by the agricultural group before the Ways and Means Committee of the House, I desire to make the following statement of fact in behalf of the crude cottonseed-oil mill industry, not only for Texas and Oklahoma, but for the whole South.

The development of the oriental vegetable-oil industry within the past 20 years, including, of course, the development of the coconut industry of the Philippine Islands as well as elsewhere, presents to the cotton-oil industry most serious and destructive competition and produces a condition that threatens either the destruction of the industry or its impairment to that extent that it becomes so impoverished and with it a most serious diminution of southern farmers' income.

There are in the South some 500 crude cottonseed-oil mills crushing annually about 5,000,000 tons of cottonseed. On the basis of the past five years' value of the products it represents an industry of more than \$200,000,000. Every cotton farmer of the South, of course, produces and sells cottonseed. The development of the industry has made cottonseed a valuable component part of the production of cotton. While the cotton-oil industry in a measure may be classed as secondarily interested in that, any price it may receive for its products fixes the prices they are enabled to pay the farmers for the cottonseed, nevertheless by reason of the fact that crushing the seed is 60 per cent higher than prior to the World War, and inasmuch as the foreign oils in competition are approaching the pre-war price level and cotton oil is declining in sympathy, and these price levels present to the cotton-oil mill industry an unusually serious situation. For example, prior to the World War cottonseed could be crushed, including all overhead expense, at approximately \$4 per ton of cottonseed. At the present time, the cost will average at least \$7 per ton for the most efficiently and economically operated mills.

At the present time cotton oil is worth 7½ cents per pound. The 5-year pre-war average price was 6 cents per pound. With a vastly increasing supply of foreign vegetable oils, including Philippine copra and coconut oil, every authority predicts that in one more year at the outside we must come to a 5-year pre-war price level for all fats produced in this country.

The most serious competitors are copra, which is on the free list from all countries and which is imported into this country and crushed principally along the Atlantic and Pacific coasts; coconut oil from the Philippine Islands, which is on the free list; palm and palm-kernel oil imported from British West Africa. There are some minor oils that in themselves would not constitute impossible competition were it not for the imports of the two major oils herein mentioned.

Our annual production of cotton oil is 3,250,000 barrels annually. Our imports of copra and coconut oil from the Philippine Islands, almost exclusively for the 6-month period, October 1 to March 31, last, inclusive, amounted to 1,000,000 barrels, or at a rate approximating 60 per cent of our average annual production of cotton oil.

Our imports of palm and palm-kernel oil for the same 6 months was at the rate of 780,000 barrels per year, or 340,000 barrels for the same 6 months.

Under the Fordney-McCumber Act we had effective protection on soy-bean oil, peanut oil, and, of course, cottonseed oil which is no real factor in the case for the reason that the only cotton oil ever imported into this country was from China in a very small quantity and of very low grade.

The House Ways and Means bill of the present session of Congress provides a duty of 3 cents a pound on sesame oil, 1 cent a pound on palm and palm-kernel oil, provided it is not denatured for use in soaps or other industrial purposes; a duty of 5 cents a pound on soy-bean oil, which rate is entirely unnecessary, but it is all invalidated in that all oils are free if denatured, which will confine them to use for soap and other industrial purposes.

On behalf of that portion of the cotton-oil industry that I immediately represent, we join in a general brief filed by the agricultural group that provided for a specific rate of duty on all imported oils of approximately 3½ cents per pound. We also ask for a proportionate rate of duty on all imported seeds and substitutes from which these oils are produced.

We are unhappy that we must ask at your hands either a law limiting the amount of copra and coconut oil which comes into this country from the Philippines or to ask for a tariff against them. Our idea is that they should be allowed a preferential rate equal to 25 per cent, which will give to them the entire American markets, providing level rates are maintained against all purely foreign countries.

We are not at all happy thus far in the making of the present tariff bill for the reason that it seems that every agricultural product outside of long-staple cotton and the vegetable-oil industry has received at the hands of the Ways

and Means Committee fair and just consideration. If their program is put through, it means that the cotton farmer alone must be the general sufferer in the tariff policy of the present Congress.

I can not believe that the Congress would place the whole burden resulting from the economic results of our administration in the Philippines upon the cotton-oil industry and the southern farmer.

While certain propaganda has been broadcast over the land to the effect that all oils and fats are not competitive of each other and that this oil can be used in this place and another without injury to the producers of any one, a thorough analysis and a careful investigation verified by those of the Tariff Commission prove beyond question a close affinity between them all, that interchangeability and substitution is had here and there and to that extent as long as there is any surplus of any one fat, there is never any great shortage of another.

The tragedy of it all is that without proper protection the southern farmers and the cotton-oil industry and all other fat producers in the United States must produce at world-price levels and in competition even with that particular portion of the world that can produce at the lowest possible cost.

In view of all of the above, I simply can not believe that the Congress will place this burden on the South and on my own particular industry and including, of course, the southern producers of cotton and cottonseed. In presenting this request, I am certain that not a single overstatement has been made and if no relief be given, I know that I shall have to witness the disintegration of my own industry to which I have devoted my life, the largest single industry in the whole South, and a compensating disaster to southern producers of cottonseed.

Respectfully submitted.

ED WOODALL,

*Chairman Tariff Committee Texas Cotton Seed Crushers
Association, Oklahoma Cotton Seed Crushers Association.*

STATEMENT OF A. M. LOOMIS, WASHINGTON, D. C., REPRESENTING TARIFF DEFENSE COMMITTEE OF AMERICAN PRODUCERS OF FATS AND OILS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. LOOMIS. My business address is Washington, D. C., 630 Louisiana Avenue. I am the secretary of the American Dairy Federation. Also of the National Dairy Union, and Washington representative of the American Association of Creamery Butter Manufacturers. I am appearing here, however, not as the representative of these organizations, but with their approval and consent as the secretary of the tariff defense committee of the American producers of fats and oils.

Senator SMOOT. Mr. Loomis, you appeared before the House?

Mr. LOOMIS. I did not on this subject. I appeared before the House on another subject.

Senator SMOOT. Proceed.

Mr. LOOMIS. I have come in so hastily that I am having to talk slowly for just a second to get my thoughts arranged, Mr. Chairman, because I understand you are on a 5-minute rule here this morning, and I had prepared for a 10-minute appearance, not knowing the change.

We are asking, as we have been asking since the tariff consideration of 1921, for an adequate rate of duty on all imported animal, vegetable, and marine fats and oils, which compete with the productions of American producers of these fats and oils so that in fact the American producer may have the first chance at the American market

for these. Specifically under paragraphs 53, 54, 55, 57, and 59 I am filing here with the clerk a list of rates which we are asking. I am not going to take the time to read them.

(The list referred to is as follows:)

TABLE 1.—Proposed rates and comparison with rates in tariff act of 1909

House bill	Articles and materials covered	Rates of duty	Proposed rates or adjustments
53	Oils, animal: Cod, herring, menhaden.	5 cents per gallon.....	3 cents per pound but not less than 45 per cent ad valorem.
53	Whale.....	6 cents per gallon.....	2.7 cents per pound but not less than 45 per cent ad valorem.
53	Seal.....	.....do.....	2.4 cents per pound but not less than 45 per cent ad valorem.
53	Sperm.....	10 to 14 cents per gallon.	2.3 cents per pound but not less than 45 per cent ad valorem.
53	All other fish oils, n. s. p. f.....	20 per cent ad valorem.	45 per cent ad valorem.
53	Wool grease, crude, including that commercially known as degreas or brown wool grease.	¼ cent per pound.....	¼ cent per pound.
56	Wool grease, not crude, including adeps lanæ, hydrous, and anhydrous.	1 cent per pound.....	1 cent per pound.
53	All other animal oils and fats and greases, n. s. p. f.	20 per cent ad valorem.	45 per cent ad valorem.
57	Hydrogenated and hardened oils and fats made from any of the foregoing oils or fats listed in par. 53.	4 cents per pound.....	1 cent per pound additional but not less than 45 per cent ad valorem.
54	Castor oil.....	3 cents per pound.....	5 cents per pound but not less than 45 per cent ad valorem.
54	Hempseed oil.....	1½ cents per pound..	4.5 cents per pound but not less than 45 per cent ad valorem.
54	Linseed or flaxseed oil, raw, boiled, or oxidized.	4.16 cents per pound..	4.5 cents per pound but not less than 55 per cent ad valorem.
55	Cottonseed oil.....	3 cents per pound.....	3.5 cents per pound but not less than 45 per cent ad valorem.
55	Peanut oil.....	4 cents per pound.....	5.4 cents per pound but not less than 45 per cent ad valorem.
55	Soya bean oil.....	2½ cents per pound..	2.8 cents per pound but not less than 45 per cent ad valorem.
57	Hydrogenated or hardened oils or fats made from any of the oils or fats listed in par. 55.	4 cents per pound.....	1 cent per pound additional to duty of oil from which made but not less than 45 per cent ad valorem.
57	All oils or fats, the composition and properties of which have been changed by vulcanizing, oxidizing, chlorinating or other chemical process and n. s. p. f.	20 per cent ad valorem.	45 per cent ad valorem.
58	Combinations and mixtures of animal, vegetable, or mineral oils, or any of them except combinations or mixtures containing essential or distilled oils with or without other substances and n. s. p. f. Provided that no article containing alcohol shall be classified for duty under this paragraph.	.....do.....	Do.

Mr. LOOMIS: They are based generally upon an equivalent specific rate which would amount to approximately 45 per cent ad valorem.

Senator SMOOT: That is the same as Mr. Holman?

Mr. LOOMIS: That is the same as Mr. Holman. And Mr. Holman has been here this morning?

Senator SMOOT: Yes; and he has presented the figures.

Senator EDGE: You represent the same interests?

Mr. LOOMIS: I am an associate of Mr. Holman representing certain other elements in the same group. We are asking also that in the wisdom of the Finance Committee this whole schedule of duties—not only the oils which now appear under Schedule 1 but the oil materials which appear under Schedule 7, and those oils and oil materials

which still remain on the free list—might be segregated by themselves and either put into a schedule by themselves or made a part of the agricultural schedule, because essentially this is all an agricultural problem.

The price of the oils in the American market must be determined in the last analysis by the cost of production of the materials, and that is an agricultural problem per se, and we are asking to have that done if possible.

Trying to present the oils and fats tariff case here when technically we are speaking about fish oil, for example, in paragraph 53, is almost impossible. I can illustrate this by saying that while I am entirely unadvised at this moment as to prices of menhaden oil, I am perfectly certain that the declines which have taken place in the markets during the past two months in coconut oil have depressed the menhaden-oil prices by almost the same amount as the coconut oil has been depressed.

Senator Smoot. That has not been depressed by any importation.

Mr. Loomis. Menhaden oil has not been depressed by any importations, but since the price of menhaden oil follows the price of coconut oil—I am sure that that is true, although I haven't prices here, but I know that cottonseed oil has followed the same course—we are having to appear here on an entire schedule and not on any one individual oil.

Let me give you another illustration. Cottonseed oil appears in this schedule before us. We are asking you to place a duty of 3 cents per pound on cottonseed oil. Now, if you do this—and I earnestly request that it be done—and still you do not place a duty on soy beans, which come over in Schedule 7, or on copra, which is on the free list, then the new figure you write after the word "cottonseed oil" is just as much a scrap of paper as the Germans made of their treaties. For free soy beans in this country or free copra furnishes oils which so far replace cottonseed oil in industry and in food products that cottonseed oil will seek the level of the competing soy-bean or coconut oil, irrespective of any gesture which the United States Senate may make to satisfy the askings of the newly converted protectionists among the cottonseed oil producers.

Let me disabuse your mind of another matter which has been made the subject of the most widespread propaganda by the interests which seek to have all these oils placed on the free list, and in particular to retain their control over the imports of free coconut oil and copra. This organization or group of organizations for which I am speaking do not speak for the producers of edible fats only. We are not here in that capacity.

The assumption that, because my salary is paid by an organization of dairy industries, I have no interest in this, or that the dairy industry has no interest in those beyond the influence of tariff rates on butter and oleomargarine, is to very adequately characterize the narrowness of the opposing interests who would seek to make such a claim. We are appearing here in the interest of every producer of fat or oil, or fat or oil producing material in the United States, asking their adequate protection so they may have the first chance at the American market for their products, whether edible or inedible.

There is, Mr. Chairman, almost no such thing as a fat or oil which is not edible or not inedible. The refinements of chemical technique have made it possible to make almost every animal, vegetable, or marine oil edible. I have just had a sample of a linseed oil product that is perfectly edible. Let that be one answer to the charge that we are asking only for protection for our own selfish benefit.

On the other hand, there is almost no oil that can not be used in place, in whole or in part, of some other oil in the non-edible uses of these products. The protected interests who are here asking for free raw materials of this class, will point out certain exceptions to this general statement, and there are certain exceptions, but they only prove the general rule. Linseed oil can not be replaced by anything else in the highest quality outside paints. But right alongside of it are the Chinese wood oils, padilla oil, and soy-bean oil which are and can be used in paints, while the new lacquers bring in a wholly new set of competitive conditions.

Mr. Chairman, in view of the shortness of the time, may I have permission to file a short brief, and to appear under the free list when that comes up?

(Mr. Loomis submitted the following brief:)

BRIEF OF THE TARIFF DEFENSE COMMITTEE OF DOMESTIC PRODUCERS OF FATS AND OILS

This brief is presented on behalf of the American producers of animal, vegetable, and marine fats and oils, and specially for the tariff defense committee of such producers. The writer is Secretary of the American Dairy Federation and the National Dairy Union, well-known dairy organizations, and Washington representative of the American Association of Creamery Butter Manufacturers. The brief is not presented on behalf of these associations, but has their approval and consent.

It is respectfully submitted:

First. That the producers of these fats and oils include a major portion of all persons engaged in agriculture in the United States, and the major part of the entire fishing industry of this country.

Second. That the animal, vegetable, and marine fats and oils produced wholly in the United States, including the production of the raw materials therefor, are fully adequate to supply practically every known use to which these products are put either for edible or inedible purposes. That in fact the total production now reaches a figure causing a small exportable surplus of certain high quality fats, principally lard, so that no person or industry will be seriously handicapped by such fair and adequate rates of duty as are being asked. That as to such minor exceptions to this general rule of a self sufficient production, we ask that the committee give special consideration to these items, that domestic production may be developed and at the same time industrial users shall not be injured.

Third. That the imports of fats and oils and the materials from which they are produced amount to considerably over \$150,000,000 in value per year. That this constitutes the largest single group of imports competing with the products of American Agriculture brought into the United States. That these imports dominate the domestic market, and force all prices of competing fats and oils to the same level of prices as the imports, and That this operation, which benefits only a very limited class and number of users, forces all producers to accept prices far below the American costs of production, and forces large quantities of domestic produced fats and oils into export trade at such low prices that the chief benefit is conferred on foreign consumers.

Fourth. That by imposing a complete, related, and adequate schedule of rates of duty on these animal, vegetable, and marine fats and oils and the materials from which they are produced two great and lasting benefits would be conferred on American producers, which includes a very great portion of all persons engaged in agriculture and a similar portion of all persons engaged in fisheries.

One of these benefits will be direct to those now engaged in the production of these commodities, namely, a general increase in the price level of fats and oils to the amount to which the tariff rates would be effective. The second and, it is believed, the greater national benefit will be the development in this country of a few new agricultural industries, especially the doubling or trebling of our flaxseed industry, the development of a soy-bean industry, the increase of the peanut industry, and some others, all of which will use land now used for the production of cotton, wheat, corn, and hogs, the industries now producing the export surplus, which is the largest single problem depressing the conditions of American agriculture.

Attached hereto is a schedule of duties which are respectfully asked to be written into the pending tariff bill, which will relate this general presentation to the commodities now specifically before your subcommittee on chemicals, oils, paints, etc.

This schedule is a part of the general request which is being made, which consists of a request for the duties herein in Schedule 1 of the pending bill, a similar request for changes in the rates on certain commodities included in Schedule 7 of the pending bill, a request for the removal from the free list and imposition of adequate duties on all the oils, fats, and oil-bearing commodities now listed in the free list, and then, finally and most important, a request to your committee that all oils and oil-bearing materials imported into this country from the Philippine Islands or other lands which have some relation of dependency to this Nation be placed on a dutiable list and the American farmers and fishermen thereby raised out of the level of competing with living conditions and wages which are prevalent and adequate in tropical and semicivilized lands.

In the past six months the flow of coconut oil in the form of either oil or of copra, the raw material from which this oil is extracted, into the United States from the Philippine Islands has exceeded 1,000,000 barrels. This is equivalent, on a year's basis, to 60 per cent of the total production of cottonseed oil in this country. The heavy imports have forced the prices to an unprecedented low level—6 to 6½ cents per pound. This has forced cottonseed oil, the premier American oil, to an equally low level and means comparative ruin to the cotton-oil industry. It means that cotton farmers have practically lost the small modicum of income they have formerly received from the cotton seed, a most important item on the economy of every cotton farm. It is unfair, uneconomic, unthinkable, in this Nation of farms and factories and homes, based on the American protective-tariff principle, that the cotton farmers first, and then every other producer of oils or fats, should thus be compelled to compete with the level of wages and living inherent in the Philippine climate and conditions, and after that with a free-trade policy as to this great group of competitive agricultural commodities.

TABLE 1.—Proposed rates and comparison with rates in tariff act of 1922

House bill	Articles and materials covered	Rates of duty in House bill	Rates and adjustments now asked for
53	Oils, animal: Sod, herring, menhaden.....	5 cents per gallon.	2 cents per pound but not less than 45 per cent ad valorem.
53	Whale.....	6 cents per gallon.....	2½ cents per pound but not less than 45 per cent ad valorem.
53	Seal.....	do.....	2½ cents per pound but not less than 45 per cent ad valorem.
53	Sperm.....	10 cents—14 per gallon.	2½ cents per pound but not less than 45 per cent ad valorem.
53	All other fish oils n. s. p. f.....	20 per cent ad valorem.	45 per cent ad valorem.
53	Wool grease, crude, including that commercially known as degreas or brown wool grease.	¾ cent per pound.	¾ cent per pound.
53	Wool grease, not crude, including adeps lanæ, hydrous, and anhydrous.	1 cent per pound..	1 cent per pound.
53	All other animal oils and greases n. s. p. f.	20 per cent ad valorem.	45 per cent ad valorem.
57	Hydrogenated and hardened oils and fats made from any of the foregoing oils or fats listed in par. 53.	4 cents per pound.	1 cent per pound but not less than 45 per cent ad valorem.
54	Castor oil.....	3 cents per pound.	5 cents per pound but not less than 45 per cent ad valorem.
54	Hempseed oil.....	1½ cents per pound	4½ cents per pound but not less than 45 per cent ad valorem.
54	Linseed or flaxseed oil raw, boiled, or oxidized.	4.16 cents per pound.	4½ cents per pound but not less than 55 per cent ad valorem.

TABLE 1.—Proposed rates and comparison with rates in tariff act of 1922—Con.

House bill	Articles and materials covered	Rates of duty in House bill	Rates and adjustments now asked for
56	Cottonseed oil.....	3 cents per pound.	37½ cents per pound but not less than 45 per cent ad valorem.
56	Peanut oil.....	4 cents per pound.	57½ cents per pound but not less than 45 per cent ad valorem.
55	Soya bean oil.....	2½ cents per pound.	27½ cents per pound but not less than 45 per cent ad valorem.
57	Hydrogenated or hardened oils or fats made from any of the oils or fats listed in paragraph 55.	4 cents per pound.	1 cent per pound additional to duty of oil from which made but not less than 45 per cent ad valorem.
57	All oils or fats, the composition and properties of which have been changed by vulcanising, oxidizing, chlorinating or other chemical process and n. s. p. f.	20 per cent ad valorem.	45 per cent ad valorem.
58	Combinations and mixtures of animal, vegetable, or mineral oils, or any of them except combinations or mixtures containing essential or distilled oils with or without other substances and n. s. p. f., provided that no article containing alcohol shall be classified for duty under this paragraph.	.....do.....	Do.

STATEMENT OF LLOYD D. BOWER, COLUMBUS, OHIO, REPRESENTING OHIO CHAMBER OF COMMERCE

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. BOWER. Mr. Chairman and gentlemen of the committee, I am legislative secretary of the Ohio Chamber of Commerce. I merely want to represent one of the members of the Ohio Chamber of Commerce, the Phoenix Oil Co., and to file a letter protesting against any increase in the rates of duty on oils and fats, and oil seeds.

Senator EDGE. What is the business of the member you are representing?

Mr. BOWER. I am legislative secretary—

Senator EDGE. No; what is the business of the member you are representing?

Mr. BOWER. Soap; they are soap manufacturers.

LINSEED OIL

[Par: 54]

STATEMENT OF S. M. ARCHER, REPRESENTING ARCHER-DANIELS-MIDLAND CO., MINNEAPOLIS, MINN.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. ARCHER. I appear as a member of the Linseed Oil Crushers' tariff committee, and represent Archer-Daniels-Midland Co.

We filed a brief before the Ways and Means Committee of the House of Representatives, and have recommended an advance in the tariff on linseed oil from 3.3 cents per pound to 4.16 cents per pound; also an advance on flax from 40 cents a bushel to 56 cents a bushel. At the last moment, however, the House raised the duty on flax to 63 cents a bushel, but did not change the duty on linseed oil. As to the 4.16 cents per pound duty on linseed oil, the tariff on flax should be raised in proportion. The advance in the duty on flax therefore upsets the ratio on oil, and we have found in our ex-

perience a number of conditions existing under the emergency tariff which also upsets this ratio, for it has increased materially the importations of foreign linseed oil; in fact, in the last three months of the emergency tariff there was imported practically the entire country's requirements of linseed oil. So that if the duty of 68 cents a bushel on flax is finally passed we believe that we should receive 5 cents a pound duty on linseed oil.

Senator SMOOT. You want 5 cents a pound on linseed oil?

Mr. ARCHER. Yes, sir. And a fraction of a cent a pound is important, but the ratio is the vitally important thing. The profit in the linseed-oil business has, perhaps, been exaggerated. There are several large concerns in the United States who buy over a million dollars worth of linseed oil, or did in the year past. With an investment of about \$200,000 they can build plants themselves, and if there were an unusual profit there can be no doubt but what these concerns, who have no lack of working capital, could easily go into the business and make their own linseed oil.

They have been advised, however, and I have seen the confidential reports of their engineers, that they think it is more advisable to buy linseed oil than to manufacture it themselves.

The profit of the two large companies for the last year has been less than $3\frac{1}{2}$ per cent on gross sales. The volume is very large, but the margin is small. We have no slack that we could take up between the price of the flax and the price of the linseed oil; if the price of flaxseed varies, then the price of linseed oil varies accordingly.

Senator SMOOT. What protection do you want on linseed oil per pound aside from the compensatory duty?

Mr. ARCHER. We want the same protection that we had in the old tariff.

Senator SMOOT. What do you say that is?

Mr. ARCHER. Three and three-tenths cents against 40 cents a bushel.

Senator SMOOT. And now you want 5 cents a pound on linseed oil?

Mr. ARCHER. Yes, sir; as against the 68 cents a bushel provided in the House bill on flax.

Senator SMOOT. All right.

Senator BARKLEY. What proportion of the linseed oil is made from domestic flax?

Mr. ARCHER. About half and half.

Senator SMOOT (chairman of the subcommittee). That completes your time.

Mr. ARCHER. I thank you.

OLIVE OIL

[Par. 54]

STATEMENT OF LOUIS J. SCARAMELLI, REPRESENTING THE FOOD MERCHANTS' PROTECTIVE ASSOCIATION, NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee).

Mr. SCARAMELLI. I wish to say that I am the president of the Food Merchants' Protective Association of New York City, and I am here in their behalf in connection with olive oil.

Senator SMOOT. You may go ahead with your statement.

Mr. SCARAMELLI. In the first place, we know that there is only 1 per cent of the domestic production as compared with the 99 per cent of foreign importation, and therefore there is no need for protection so far as American products of olive oil are concerned. In the main, the reason in the past for a heavy duty on olive oil has always been proposed to protect the interests of domestic vegetable oil, but at a hearing before the United States Tariff Commission the refiners of vegetable oil in the United States testified that olive oil is not in competition with domestic vegetable oil. Therefore such a high rate of duty as we have now is absolutely unwarranted and a burden to the American consumer.

Senator SMOOT. What duty do you want?

Mr. SCARAMELLI. At the present time they pay 64 cents a gallon, and that is based on 7½ cents per pound.

Senator SMOOT. What duty are you asking and do you think would be proper, or do you want it to be free?

Mr. SCARAMELLI. For the purpose only of olive oil it should not be higher than 30 cents per gallon or 4 cents per pound.

Senator SMOOT. All right. You may proceed.

Mr. SCARAMELLI. I understand the big argument on the olive-oil schedule is about the differential. What is the differential? What does it mean? Is it the difference in cost of production in the United States and abroad? Or is it the entire cost of production in the United States? I understand it to mean, and I believe you do, the difference in cost of production here and abroad.

Now, let us analyze that. Testimony has been given here that the highest cost to pack olive oil in the United States is 24 cents per gallon, which includes tins, cases, labor, and so forth. It costs my firm Scaramelli & Co. (Inc.), of New York City, as domestic packers only 18 cents, but for the sake of comparison let us take the highest cost, 24 cents per gallon.

In the present tariff we have already a differential of 14 cents on the gallon tin, and a considerably higher rate on smaller containers, reaching as high as 90 cents per gallon differential, when packed in bottles. But taking as the basis for comparison the gallon tin and we have 14 cents per gallon as the differential. Now, the domestic cost to pack is 24 cents, a difference therefore of 10 cents per gallon representing the cost of packing olive oil in Italy. The fact remains that the cost in Italy per case of 12 tins, and the wooden case, is \$1.84 per case, equal to 15½ cents per gallon, which, added to the 14 cents you have already, makes a total of 29 cents per gallon, while the highest cost to pack here in this country is 24 cents.

Therefore you can readily see that no differential is required, and that it should be reduced rather than increased; and as I see it the main question is that of the differential. In fairness to the consumer it should be reduced rather than increased.

I also want to call the attention of the committee to the fact that over \$2,000,000 of tin plate is exported into Italy, a part of which is used for the making of cans for olive oil. In other words, we are paying 7½ cents a pound for American tin plate, which by rights we should get a rebate on.

Senator SMOOT (chairman of the subcommittee). Have you any other statement that you wish to make? If so you may hand it to the committee reporter.

Mr. SCARAMELLI. I have no more statement to make, Mr. Chairman and gentlemen of the committee, and I want to thank you.

STATEMENT OF H. W. REDFIELD, PH. D., CONSULTING FOOD TECHNOLOGIST, MENDUM, N. J.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. REDFIELD. I did not appear before the House committee and all that I shall say is entirely new material.

The remarks which I shall make are addressed to the subject of why the differential in duty of 1 cent between canned olive oil and bulk olive oil has been a curse to most honest folks, including the farmer.

From 1919 to 1926 I was chief of the New York branch of what was then the Bureau of Chemistry and is now the Food, Drug, and Insecticide Administration of the United States Department of Agriculture. The agency charged with the administration of the food and drugs act of June 30, 1906.

In that position I was called upon to make a close study of the olive-oil industry, both import and interstate, and to try to correct its abuses.

I could assure you from memory that olive oil, whether imported in tins or in bulk, rarely, if ever, is adulterated or misbranded. But I can do better than that and I offer a letter in evidence signed by the Director of Regulatory Work of the United States Department of Agriculture. It shows that during the last five years only three shipments of imported olive oil in cans or in bulk have shown any violation of the law. Two of these were very small shipments and the third contained a trace only of another oil and was obviously accidental contamination.

I wish to stress that point that only three shipments out of thousands in five years have shown any adulteration.

Now, how about the olive oil repacked from bulk into cans in the United States?

I have here the notices of judgment for both section 2 and section 10 action brought in Federal courts against olive oil in the last five years. I originated most of these actions. I have not time to read any of them to you, but I will leave them for you to peruse if you care to. The numbers of the notices are written on the cover of each pamphlet.

The 81 notices of judgment cover 56 different brands of alleged olive oil and involve 53 different shippers. In all, 175 violations in containers of varying size from one-half pints to barrels were included. Every shipment was misbranded in some respect; in 66 there had been adulteration by the substitution of another and cheaper oil and 165 of them were short weight. Now, we who have been in the administration of the food and drugs act know that to secure final court action on 1 per cent of the violations which actually exist in any industry is a high average. While I really believe that the 175 violations brought to court do not represent more than one-

tenth per cent of the violations in domestically canned olive oil that existed, I will be very conservative and call it 1 per cent, or that there were 17,500 violations in the 5-year period.

So we see that while only three very minor violations under a more vigorous control were noted in olive oil offered for entry, there were at least 17,500 in alleged olive oil repacked in this country.

Why this tremendous difference?

Because of the differential in duty between canned olive oil and bulk olive oil.

Why is this so?

Because if this differential did not exist, pure repacked oil could not so appreciably undersell oil packed abroad in tins, and the foreign packed oil, which is preferred by everyone who knows olive-oil quality, would constitute the great bulk of canned oil on the American market, as, in my opinion, it should, an opinion which I held long before I left the Government service. If the differential did not exist, the mask behind which the adulterators now hide would vanish. Now when a consumer complains about an oil which is off flavor because of the presence of an adulterant, the packer says, "You want some cheap oil; that must be oil packed in this country from bulk, and we can not blend as the people in Italy know how to do."

Senator Smoot. Will you state briefly to the committee just what changes you want in the House rate?

Mr. REDFIELD. Yes, sir; the differential between bulk oil and canned oil eliminated.

Senator Smoot. You want it eliminated entirely?

Mr. REDFIELD. Yes, sir; in justice to the consumers in this country. To protect the consumers from fraud and to serve the interests of the corn, cotton, and peanut farmers, it is immaterial whether that is done by raising the duty on bulk oil to the canned oil figure or by reducing the canned oil figure to the bulk oil figure. The important thing is to have them the same.

Senator BARKLEY. Do you represent the consumer.

Mr. REDFIELD. Yes, sir; I represent the consumer.

Senator BARKLEY. I am glad to hear somebody who represents the consumer.

Mr. REDFIELD. My present occupation, Senator Barkley—and I say it because you were not here when I began—is consulting food technologist. Shall I go ahead, Senator Smoot? I do not want to lose any of my five minutes.

Senator Smoot. You have one more minute. You may proceed.

Mr. REDFIELD. In the repacking of oil from bulk into tins in this country the admixture of cheaper oil, such as cottonseed oil, peanut oil, corn oil, rapeseed oil, or sesame oil, is an exceedingly easy proposition for the unscrupulous individual or firm. That it is done is proved by the notices of judgment. To short fill the containers is also very simple and likewise lucrative. That violation is even more common.

To sell this stuff made up of a mixture of olive oil and some cheaper oil our unscrupulous American packers must make the consumer believe that he is getting pure olive oil, and that is why in every single notice of judgment the product was found to be misbranded. With the connivance of unscrupulous can manufacturers, they have prepared labels for this adulterated stuff which are

just as foreign looking as they can make them; the wording is largely in Italian, the pictures of notable Italians are used, the Italian colors are used, scenes in Italy are used; pictures of olive branches and olives are used; olive-packing scenes are used—anything to suggest olive oil of foreign origin. Some of the more timid, who have been afraid of having shipments among the 1 per cent or less which are caught, have tried to squeeze into that twilight zone on the edge of the law by making an inconspicuous statement somewhere on the can in the English language, which they hope the foreign-born consumers can not read, to the effect that the product is salad oil. A former Secretary of Agriculture issued a ruling that any edible oil could be called salad oil, and so these sophisticators grasp at that straw, hoping that the consumer will understand that it means olive oil, which is also a salad oil. This delusion is helped by the bold statement, "Olio Soprafino," which appears on almost every one of these gyp cans.

Senator SMOOT. You can put the balance of your statement in the record now, if you will, please. Your time is up.

Mr. REDFIELD. All right; I thank you.

Under a frank label which let the consumer know that he was paying a fancy price for a mixture consisting mostly of cottonseed oil or peanut oil, the stuff would not sell. Thus the sale of cottonseed oil and peanut oil sold under their own names and at reasonable prices is hurt, and here the farmer suffers.

The differential is a curse to everyone except the domestic packers of oil, a few of whom are straight, but at least 53 of whom are crooked.

This crooked business would not exist, the Food, Drug, and Insecticide Administration would be greatly helped in its labors to secure pure food properly labeled, and the consumer would stand a far better chance of getting an honest product if you gentlemen would recommend to your conferees that this evil-producing differential be done away with.

Moreover, the cost of Federal control could be very greatly lowered, or conversely the amount of control per dollar expended, could be very materially raised if it could be applied chiefly to importations. The cost of developing an I. S. case costs hundreds of dollars each. The cost for each import sample handled is only a few dollars. It is conservative to say that 100 importations could be controlled in place of every shipment packed in this country.

(Mr. Redfield submitted the following correspondence:)

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE DIRECTOR OF REGULATORY WORK,
Washington, June 13, 1929.

OMLA (INC.),

427-431 West Broadway, New York, N. Y.

GENTLEMEN: Receipt is acknowledged of your letter of June 11, 1929, in which you ask various questions regarding the importation of olive oil and regarding the action taken on olive oil repacked in this country. To your several questions I am in a position now to make reply to them as follows:

(1) We do not have occasion to keep accurate statistics regarding the exact amounts of olive oil examined by the department. However, I may state that at our several ports of entry olive oil is regularly examined, and although every shipment is not examined, we do examine the products coming from each shipper from time to time, paying especial attention to those which are new or to those shippers whose products previously may have been adulterated or mis-

branded. We, therefore, keep a very good oversight by our inspection of the olive oil imported. I am in a position to state that olive oil, whether imported in tins or in bulk, rarely, if ever, shows adulteration with foreign vegetable oils.

(2) A careful search of the records of the Food, Drug, and Insecticide Administration shows that during the past five years we have found but three instances where olive oil at time of importation was found to be adulterated with other vegetable oils. In 1926 one small shipment of five cases entered at Philadelphia was found to be adulterated with sesame oil. In the early part of 1924, a small shipment of six cases entered at New York was found to be adulterated with an appreciable amount of peanut oil. In 1927, at New York, a somewhat larger shipment was found to contain a very small amount of sesame oil. This undoubtedly was not an intentional adulteration but probably came from the placing of the oils in a large tank in which sesame oil had previously been used at the time when the tines were being filled by machine. The amount of sesame oil found was very small. You will see, therefore, that over a period of five years only a very small fraction of 1 per cent of the oil imported was found definitely to be adulterated with a foreign oil.

(3) The official Government figures regarding the importation of olive oil are furnished by the Bureau of Foreign and Domestic Commerce of the Department of Commerce in their publication *Foreign Commerce and Navigation of the United States* and in certain other publications of that bureau. Accurate statistics are given regarding the amounts and value of olive oil imported each year. This is given in terms of the total amount imported and also under a heading "In Pack Less Than 40 Pounds" and under the heading "Others," which indicates the amount of bulk goods in containers holding more than 40 pounds. Further, there are tables giving the amounts and values imported each year from the various countries from which olive oil is shipped. Similar data are given as regards the amounts entered at various customs districts. These statistics, I believe, you should obtain from the Bureau of Foreign and Domestic Commerce, and would suggest that you make such request if you have not already done so.

(4 and 5) In reply to your questions 4 and 5, I am inclosing copies of the notices of judgment, about 100 in number, which have issued from January 1, 1924, to December 31, 1928. In the publication inclosed the notices of judgment covering olive oil are marked in red. They cover domestic action against olive oil which has been found to be adulterated or which has been misbranded as to net volume or any other particulars.

(6) I do not care to express an opinion on your 60 question. However, I have very gladly furnished you the facts in the case in replies made to the previous questions. I believe that I should deal in the facts essentially rather than in the conclusions or opinions which may be drawn from them.

Very truly yours,

W. G. CAMPBELL,
Director of Regulatory Work.

Notices of judgment Nos. 11723, 11746, 11833, 11841, 11812, 11864, 11923, 11942, 11969, 11956, 11961, 11957, 11960, 12849, 12850, 12093, 12107, 12263, 12301, 12030, 12188, 12942, 12557, 12424, 12012, 12657, 12385, 12541, 12525, 12640, 12841, 12718, 12230, 12668, 12117, 12667, 12375, 12206, 12547, 12458, 12528, 12269, 12548, 12228, 12206, 12276, 13141, 13735, 13918, 13993, 13631, 13227, 13292, 13974, 13742, 13092, 13436, 13791, 13911, 13920, 13852, 13518, 13438, 13401, 13503, 13737, 14353, 14362, 14383, 14573, 14489, 14720, 14411, 14169, 14413, 14326, 14671, 15251, 15433, 15686, 15627, 15620.

UNITED STATES DEPARTMENT OF AGRICULTURE,
FOOD, DRUG, AND INSECTICIDE ADMINISTRATION,
Washington, D. C., June 13, 1929.

CELLAS (INC.),

427-431 West Broadway, New York, N. Y.

GENTLEMEN: Receipt is acknowledged of your letter of June 10, 1929, regarding imported olive oil.

In so far as adulteration with foreign vegetable oils is concerned, shipments of olive oil, whether in bulk or in tins, are almost never found to be so adulterated. In fact, during the last five years our records show but three shipments which have been adulterated with foreign vegetable oils. Two of these were extremely small in size and the third one contained so little of the adulteration as to lead to the conclusion that it was accidental rather than inten-

ditional. Briefly, I may state that during this period only a very small fraction of 1 per cent of the oil has been found to be adulterated at time of entry.

The letter you wrote Mr. Campbell of similar nature and which also includes a list of questions I have also seen. The data which he is sending you to-day will cover anything I might be able to furnish along the line desired.

Very truly yours,

A. E. TAYLOR, *Acting Chief.*

STATEMENT OF E. L. SOZZI, REPRESENTING CELLAS (INC.), AND OTHERS

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You appeared before the Ways and Means Committee of the House?

Mr. SOZZI. No, sir. We presented a brief. I am not going to present any arguments at all; but I wish to point out that there have been witnesses who came before the Ways and Means Committee, who represented themselves as being appointed by olive-oil importers, whereas such authority was never granted. In order to do away with this false impression I have asked 83 of the large importers of olive oil to give me their written authorization to come before you. I present such authorization to your committee. If you will check up you will find that these 83 concerns—

Senator KING. You represent, really, then, olive-oil importers?

Mr. SOZZI. Olive-oil importers. These 83 concerns are the ones that pay the bulk of the duty collected by the United States Government.

I have heard here this morning that—

Senator KING. You represent those 83?

Mr. SOZZI. Yes, sir; plus the six that were to appear this morning, who will not appear.

I have heard that the spread between bulk olive oil and canned olive oil is 7 cents per gallon. I have tried—

Senator KING. The previous witness says 3 cents, as I understood him, between the bulk and the finished.

Mr. SOZZI. Seven cents.

Senator KING. He asked for 3, didn't he?

Mr. SOZZI. No, sir. He said the difference in quotation between the loose olive oil and the canned olive oil in Italy to-day was only 7 cents. I have done some little fast figuring to show that this can not possibly be.

The bulk of the olive oil imported in packages of over 40 pounds comes from Spain, and the present quotation on Spanish olive oil is 234 pesetas per 100 kilos. The canned olive oil comes from Italy, and to-day's quotation, even taking the highest, is 315 lira. We must remember that the quotation in pesetas is c. i. f. That is, it includes cost, insurance, and freight, something which the witness who testified evidently forgot. The cost of Spanish olive oil brought into this country is \$1.666, whereas the canned olive oil costs \$2.188. It therefore has an advantage of 45.28 cents per gallon, which represents \$5.43 per case of 12 gallons. If we deduct from this amount the cost of packing 12 gallons in this country, which I have shown in my brief is \$1.78 for 12 gallons, we see a distinct advantage of \$3.75 per case.

Senator KING. Coming down to cases, tell us, in dollars and cents, what you contend the present differential is between the crude oil and the packed oil.

Mr. Sozzi. The present differential is \$5.43.

Senator BARKLEY. Per what?

Mr. Sozzi. Per case of 12 gallons; less the cost of packing the case, \$1.78, which gives you \$3.75 per case advantage in importing loose oil and packing it in this country.

One of the witnesses said that he had a plant in Baltimore where there was \$1,000,000 invested. Assuming that this plant packs 100,000 cases a year, this is a protection of \$375,000 a year, which is no mean guaranteed return on a \$1,000,000 investment.

What we are asking is that olive oil imported in tins be levied at the same rate as the loose oil, principally because the great bulk of the olive oil that is imported in tins is packed in tins made from American plate. The olive-oil industry in Europe is largely financed, owned, or controlled by American capital. The greatest reason of all is that of the protection that it gives to the consumer. We have Doctor Redfield here, who can speak much more authoritatively on this point, and if you will allow him, he will follow up my remarks.

STATEMENT OF NATHAN MUSER, BALTIMORE, MD., REPRESENTING THE POMPEIAN CORPORATION AND VAN CAMP PACKING CORPORATION

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Is it possible that all those present here on olive oil, all from the city of New York, represent different interests?

Mr. MUSER. No, sir.

The CHAIRMAN. Do you speak for the balance of them?

Mr. MUSER. So far as the olive-oil argument is concerned, I have delegated that to Mr. Delapenha. We are both associated with other packers of olive oil in America. All I want to say, so far as olive oil is concerned, is that I fully subscribe to everything Mr. Delapenha has said to you.

I am, however, appearing also at this time representing the Van Camp Packing Co., of Louisville, Ky., and Indianapolis, with a very large refining unit of domestic oils. I did not appear before the Ways and Means Committee as representing the Van Camp Packing Co. on the edible domestic industry, on which I am now here before you.

The CHAIRMAN. You did appear before the House Ways and Means Committee.

Mr. MUSER. Representing the Pompeian Corporation, but not as representing the Van Camp company.

Senator EDGE. Do you have any different viewpoint?

Mr. MUSER. The Van Camp Packing Co., Senator Edge, are interested largely in domestic oils, much more than we are in Baltimore. I want to bring home here a few facts. I shall not take more than five minutes, Senator.

The CHAIRMAN. Just state what you want.

Mr. MUSER. I want to emphasize the interchangeability of all edible oils, and I might also go as far as to put inedible oils in the same class, just as Mr. Holman argued before the committee this morning. Whatever duty you have, you should make it either an ad valorem or specific—and I am not in favor of any ad valorem, because that enables too many possible falsifications. I am in favor

of a specific duty. Whatever your committee decides, whether it is 4 cents a pound—but not to exceed 5 cents a pound—on all oils coming into this country in bulk, we ask for a differential of not less than 3 cents a pound when the same oils and fats are imported in tins, available for immediate consumption by the public.

The agricultural interests, who are producing the basic raw materials for oil crushing are also very much interested, if I may make that remark without speaking for them, as I have no authority. I was trying to call that to Mr. Holman's attention this morning. They are interested in having the differential between the bulk oil and the tinned, prepared oil, at 3 cents a pound, because there comes a time when, by reason of their being able to package oils in tins on the other side so much cheaper than we can here, that they can bring over a gallon of sesame oil, or a gallon of cotton oil, or sunflower oil, in a gallon tin, and compete with the bulk producers of oils of that same character here, when they have to be packaged in America, in American-made tins; so that the 3 cents per pound differential, Senator, is very essential if you are going to give it protection.

I am not speaking in favor of a policy of protection so far as the Government is concerned, unless they adopt that as their policy. But if you do, then all oils and all fats used for edible purposes should be treated together; and, as I mentioned before, that includes oils for inedible or soap-stock purposes.

With respect to commercial olive oil particularly, the Van Camp people asked me to emphasize that this should be taken from the free list and put on the dutiable list.

STATEMENT OF R. U. DELAPENHA, NEW YORK CITY, REPRESENTING PACKERS OF OLIVE OIL

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. DELAPENHA. Mr. Chairman and gentlemen, I am president of R. U. Delapenha & Co. (Inc.), of New York City, and am representing the packers of olive oil in the United States; having appeared before the House Ways and Means Committee, I have simply deemed it advisable to get for the committee the last minute information in regard to quotations which we have received within the last week from Italy, and in doing so, I give substantial proof that the statements made before the Ways and Means Committee can be verified by these quotations.

Senator KING. That is, statements made by you?

Mr. DELAPENHA. By me, acting for the packers. I have purposely taken, as the basis for my figures, the highest quotation that I have received from Italy by cable, from which you will notice, however, that they know in Italy that we are discussing this question, and they have lengthened the spread between olive oil in bulk and olive oil packed in small containers because of that. There is a variation here from 17 cents to 7 cents. The 7 cents, however, is a quotation which another packer has sent me from a concern that he used to do business with in Italy that is very anxious to get back their business, and they only make a difference in spread between olive oil in bulk and olive oil in small containers of 7 cents per gallon.

There is a point that I wish to bring to the attention of the committee especially, and that is that, in addition to the duty which

is assessed on olive oil in bulk, the Government is now assessing us 25 per cent ad valorem on the value of the package in which it comes, the steel drum, so that we lose another 2 cents per gallon there. I am purposely going to avoid repetition in going into the arguments that were used before the Ways and Means Committee.

I was rather surprised, however, to hear the statement of the last witness, because I was sent a statement here from California, through a friend of mine, which reads as follows:

In view of the fact that the only possible opposition to the reduction of duty could come from the only State that produces olive oil, namely, California, I would like to call to your attention an extract from the Sacramento Union of May 8, 1929, which reads as follows:

"An increase of 10 cents per gallon was allowed on ripe olives in brine, but the committee ignored the request of California growers for 150 per cent increase on olive oil. The delegation will not protest this action, because it agrees with the committee that an increase was not justified, inasmuch as the California industry can supply but a small portion of the domestic demand."

May I add to this that this small portion of the domestic production is approximately 1 per cent, as per figures filed by the Tariff Commission, which information you have before you.

I made a short tabulation here. On the total importation in 1927 of 71,848,706 pounds of olive oil imported, at a total value of \$16,657,185, the United States collected a duty of \$5,092,791 to protect an industry in California that is producing 857,811 pounds of olive oil in that State, and that burden is falling on the people who can least afford to bear it, because it is common knowledge that olive oil is largely used by the element that has been accustomed to use it from birth and which looks upon it as an absolutely necessary part of their table diet.

I am not appearing before you, however, to discuss the question of what the rate of duty shall be.

Senator EDGE. Did the House change the rate of duty on olive oil?

Mr. DELAPENHA. Slightly, but not enough, sir. We have the proof here. We can not exist as packers on a differential of 2 cents a gallon. That is all there is to it. It is a plain statement of fact, backed up by proof.

Senator KING. What do you think the duty ought to be on olive oil?

Mr. DELAPENHA. If I were to be asked that question I should say that it seems to me to be indefensible to tax a product like olive oil other than for revenue purposes. It is a God-given food product that should be brought to the tables of the American people at the lowest possible price. That is my judgment.

Senator KING. Appearing for the packers, you represent what?

Mr. DELAPENHA. I represent large interests in America who bring the olive oil over here in a semicrude state, filter it, blend it, and pack it for the American public.

The CHAIRMAN. You want 7½ cents, the existing law, instead of 8½, as provided by the House?

Mr. DELAPENHA. No, sir. I want a spread of 3 cents to protect us. No matter what you make the bulk, give us 3 cents to protect it.

Senator KING. Between that and the finished product?

Mr. DELAPENHA. Between that and the finished product. I have figured out the latest quotation by cable—

Senator KING. That is, if the crude bears a rate, for instance, of 5 cents, you want 8?

Mr. DELAPENHA. Yes, sir.

Senator KING. If it came in in tin cans, purified, ready for use, you would want 8 cents?

Mr. DELAPENHA. Yes, sir. Here is the proof. We have given you the exact costs. I do not think I am compromising any confidences when I state that these costs have been checked by the Government. It costs us, to pack a gallon can of olive oil, \$2.34. If the rate were 9½ cents, it could be imported for \$2.31.

The CHAIRMAN. The only change that the House made was on olive oil; that olive oil, weighing, with the immediate container, less than 40 pounds, should take 8½ cents. The present rate is 7½ cents.

Mr. DELAPENHA. Yes, sir.

The CHAIRMAN. That is olive oil.

Mr. DELAPENHA. Yes, sir; in small containers.

The CHAIRMAN. They left the other at 6½ cents a pound.

Mr. DELAPENHA. Yes, sir. If the bulk is left, in the wisdom of the committee, at 6½, I want the other to be 9½; and if it is left at 5, which I have suggested, make it 8. That will reduce the price slightly to the consumer.

The CHAIRMAN. That is oil in the container.

Mr. DELAPENHA. Yes, sir.

I want to file all these cost cards with you. Permit me to file also a letter from W. A. Taylor & Co. to correct a statement that was made before the House Ways and Means Committee.

Senator KING. Just one moment. Will those cards and the data you are filing be intelligible?

Mr. DELAPENHA. Intelligible to anybody, sir. They are written in English and show every item of expense. The Tariff Commission is fully competent to act in this matter, because its representatives have been to our factories and examined our books.

Senator EDGE. Was that same report from the Tariff Commission in the House Ways and Means hearings?

Mr. DELAPENHA. No, sir. This is all new evidence.

BRIEF OF HON. HENRY E. BARBOUR AND HON. CLARENCE F. LEA, REPRESENTATIVES IN CONGRESS FROM CALIFORNIA

Hon. REED SMOOT,

Chairman Finance Committee, United States Senate.

DEAR SENATOR: We join in the request of the California olive growers presented to your committee for an increased tariff on olive oil.

The marketable products of an olive orchard are: (1) Canned olives, and (2) olive oil (edible).

No further tariff is asked on canned olives, as the American producer is now substantially supplying the American consumptive demand.

About 40 per cent of the olive crop, by reason of undersize, defective shape, injuries, or overripeness, is unsuitable for canning purposes and marketable only by being converted into oil.

Oil production is, therefore, an inseparable and relatively important part of the olive industry. The production of olive oil, though unprofitable, must continue as a necessary part of the canned-olive industry, since there is no way in which this fruit can be handled except in the form of oil and there is no cultural method by which the production of these oil-grade olives can be eliminated. In other words, olive oil is the inseparable weak member of olive production at the present time.

The rather destructive competition of European oils makes a higher tariff on oils necessary for the benefit of the industry as a whole. A very decided increase in the olive-oil tariff would be necessary to establish an American oil industry that would approximately supply the American market. A much less tariff would be of very decided advantage to the present industry, as it would benefit both the canned olive industry and the oil industry, the two being inseparably connected. It is with the idea of helping this industry generally rather than in the hope of substantially supplying the American olive-oil market that we favor increasing the basic rate on bulk oil from 6½ cents to 10 cents per pound.

As the American olive-oil consumption is mainly supplied by the foreign product, the proposed increased rates will to some extent increase olive-oil costs. The resultant economic benefit to our country will be to place our domestic olive industry as a whole on a more substantial and profitable basis, assure an American supply of canned olives and a somewhat larger production of American olive oil.

The labor cost represents a high percentage of the market value of both olives and olive oil and the comparable difference between American and foreign labor constitutes a great difference in the production costs between the domestic and foreign products.

Respectfully,

HENRY E. BARBOUR,
Member of Congress Seventh California District.
CLARENCE F. LEA,
Member of Congress First California District.

STATEMENT OF J. J. HOEY, SAN FRANCISCO, CALIF., REPRESENTING THE CALIFORNIA OLIVE ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. HOEY. Mr. Chairman and gentlemen of the committee, my name is J. J. Hoey. I am secretary of the California Olive Association, 216 Pine Street, San Francisco. We represent the American olive-oil producing industry, being the growers of olives in California. We presented our case before the House on the basis or theory of the creation and development in this country of a major American olive-oil producing industry, one that would in time, with sufficient protection, be able to produce all, or substantially all, of the olive oil needed in America.

The House evidently took the position that the duty required, which we asked, which was 16½ cents a pound on this edible oil, was perhaps too high a price for the development of a purely American olive-oil industry. We conferred thereafter with the Tariff Commission and took counsel among ourselves and decided to come before this committee and put our case before you on the basis of the protection of the existing industry of olive growing in California, which primarily produces canned ripe olives but necessarily must manufacture a considerable quantity of its output in the form of olive oil. The present duty of 6½ cents a pound in bulk does not begin to cover the difference in costs of production in our State—

Senator EDGE. What percentage is imported?

Mr. HOEY. I would say about 97, and we produce only about 3 per cent; yet, relatively, Senator, that 3 per cent is a large part of our production in California, representing about 40 per cent of the fruit that is harvested each year. That is an average, and in years of very heavy production it will run 50 per cent or higher.

The point I wish to bring out and the justification for an increase of duty on edible olive oil is that on all this fruit which we have to handle in that form there is a heavy loss to the producer, which he

has to take out of his returns for his canned ripe olives, his major product.

We find on a careful examination of costs that on every ton of oil olives—these small olives which can not be made into the canned article, which can not be converted into any other marketable form of product except olive oil—the loss to the grower on each ton delivered runs about \$26.50. That is under the present inadequate tariff of 6½ cents a pound. The only way the grower can manage at all to stay in business is naturally to draw upon the returns he gets from his canned ripe olives to make up this loss of \$26.50 per ton.

The CHAIRMAN. These are made from olives that you could not do anything else with.

Mr. HOEY. Yes; on account of their size.

The CHAIRMAN. It is the same way with the fruit we raise. We can not do anything with it if it is not up to a standard.

Mr. HOEY. If it is not up to a canning standard.

The CHAIRMAN. Your olives are not up to canning standard, and therefore you can not do anything with them except to make them into olive oil.

Mr. HOEY. Yes; for which purpose, however, let me explain, they are perfect fruit. The fruit is not inferior by reason of quality. It is just simply too small to go into cans. That fruit runs, as I stated before, about 40 per cent of the crop in an average year, and that 40 per cent constitutes a drag upon our canned ripe olive business, and therefore a duty on olive oil in our case is really protective of the canned-olive business.

The CHAIRMAN. What do you want? You have 6½ cents.

Mr. HOEY. We want 10 cents per pound.

Senator BARKLEY. The information furnished by the Tariff Commission states that 1 per cent of the consumption of the United States is produced here and 99 per cent imported.

Mr. HOEY. Yes; I am aware of that. I am sorry to have to take issue with the Tariff Commission, but I believe that their figures are inaccurate. I believe it is a little higher than that.

Mr. BARKLEY. Do you think that an industry that has a tariff of 6½ cents a pound on importations of olive oil, that amounts to 97½ per cent, requires an addition of 3½ cents in order to enable it to exist?

Mr. HOEY. I have just stated the reason, Senator, that I believe the canned-olive industry is now so depressed by having to carry the losses of the oil manufacture, necessarily a part of that canning industry, that some relief must be given to the canning industry to relieve the depressed, or, I might say, the sadly distressed state that our whole industry is in by reason of this loss, which it can not escape.

Senator BARKLEY. That loss was occasioned by other causes, rather than the importation from abroad, was it not?

Mr. HOEY. No; not at present. The losses that we sustain at the present time are not due to other causes.

Senator BARKLEY. During the last four or five years, has there not been a decided slump in the demand for canned olives?

Mr. HOEY. Previous to four or five years ago there had been, but during the last four or five years the demand for ripe canned olives

has increased, and I would say that we are now selling about twice as many canned ripe olives as we were seven or eight years ago.

Senator KING. In a nutshell, though, you want an embargo on olives and you want an embargo on olive oil.

Mr. HOEY. No; we do not want an embargo on olive oil.

Senator KING. It amounts to it, according to the rate you are demanding.

Mr. HOEY. It would hardly amount to that, I think.

Senator KING. I think so.

Mr. HOEY. Of course, we are stating our reasons here—

Senator KING. I think it is a very selfish demand, may I say.

Senator EDGE. What is the gross value of the output of olives in California annually?

Mr. HOEY. About 22,000 tons.

Senator EDGE. Representing a gross business—I am speaking now both of oil and canned goods—of how much?

Mr. HOEY. \$4,750,000 a year.

Senator EDGE. How many people in California are employed directly or indirectly in the industry?

Mr. HOEY. Between 8,300 and 8,500 are employed wholly, or during part of their time, in the growing and manufacturing of olive oil and olives.

Senator EDGE. You are speaking now just of California.

Mr. HOEY. Yes; that is the only State in which olives are grown now to any extent.

Senator EDGE. Are they grown in southern Arizona, or some of the other sections?

Mr. HOEY. A small quantity of olives are grown in the Salt River Valley in Arizona, but it is not more than 1 per cent of the total American production.

The CHAIRMAN. Have you a brief you would like to file?

Mr. HOEY. I have a brief I would like to file on this subject.

The CHAIRMAN. Your 10 minutes are up now.

(Mr. Hoey submitted the following brief:)

BRIEF OF THE CALIFORNIA OLIVE ASSOCIATION

The California Olive Association, which presents this brief, is an organization of olive growers and manufacturers of olive products which represents in its membership 85 per cent of the tonnage of olive products produced in the State of California. The California Olive Association, therefore, speaks authoritatively on behalf of the olive industry of this country in all matters affecting the protection of said industry.

RECOMMENDATIONS OF THE CALIFORNIA OLIVE ASSOCIATION

We ask that the rates of duty in Schedule 1, paragraph 54, of the tariff act of September 20, 1922, be increased on edible olive oil from the present rate of 6½ cents per pound in bulk to not less than 10 cents per pound; and that the duty on edible olive oil in packages of less than 40 pounds, including the weight of the immediate container, be increased from the present rate of 7½ cents per pound to 12 cents per pound.

We are asking these rates to protect the producers of olives in our State, whose major industry is the production of ripe olives for canning, with the production of olive oil, an integral and inseparable part of the canning olive industry. We are asking protection for an existing American olive-producing industry with a planting of approximately 40,000 acres, which industry is now distressed by reason of the facts set forth below:

In the growing of olives for ripe canning we also produce necessarily a large percentage of olives which are either too small for canning or are overripe when harvested or because of other reasons are not of the grades required

for ripe canning. These olives are made into olive oil, the only staple form in which they can find any market, but, due to the present inadequate tariff on olive oil, our growers incur heavy losses (\$26.50 per ton, as shown hereafter) on all olives used for making oil.

We can not grow olives and make them into oil at any profit (nor indeed can we even recover producing costs), because under the present rate of duty of 6½ cents per pound the foreign producer is able to sell his oil for actually less than it costs our growers to produce the fruit itself. This statement is verified by figures given in this brief.

Since our olive growers must, under the present inadequate duty, sell their oil olives for materially less than the cost of producing them, they can only remain in business by taking these losses out of their returns for their canning olives. And, as the average percentage of oil olives runs to 40 per cent of the whole crop, the losses of \$26.50 per ton on the oil olives practically wipes out a full half of the profits made on the sale of the canning olives.

Hence the entire industry of olive growing in California is and has been for several years an unprofitable enterprise, and many olive orchards have in consequence been allowed to remain uncared for, many have been taken over on mortgages, and the olive industry has failed to show any profit whatever on the investment in capital and labor.

The olive-growing industry in California represents an investment in growing orchards and olive canning plants and olive-oil mills of approximately \$25,000,000, and is the result of some 80 years' labor in development by planters and canners and oil makers who made this large investment in the hope that olive culture would prove profitable.

We can not separate or disassociate the making of olive oil from the canning of olives, for both are the products of the same cultural conditions. We must continue to make 40 per cent of our crop, on the average, into olive oil each year, for there is no staple outlet for this fruit in any other form. The ripe canning olive branch of our industry can not carry the losses sustained in the necessary production of this olive oil, and the result is pronounced depression throughout the entire California olive industry, both as regards canning fruit and oil fruit.

It is only by an increase in the present duty on olive oil that any relief can be given our industry, because it is on this product alone that we have direct competition causing us material financial loss. A further duty on canned ripe olives would not be operative, as no olives of this type are imported into this country at this time. Our supply of canned ripe olives equals (and sometimes exceeds) the present demand for this article, but, as stated before, our canned ripe olives must carry the losses incurred necessarily in the conversion of 40 per cent (in years of heavy yield 50 per cent or more) of our crop into olive oil sold at prices below cost of production because of insufficient tariff protection.

In 1921 there were approximately 40,000 acres of olives growing in California and Arizona and to-day that acreage has decreased until there is now not more at the outside than 33,000 under cultivation. This decrease is due to lack of profit in the growing of olives under the present unprotected condition of this industry.

The output of the California olive business consists of (1) ripe canned and bottled olives, which is the principal product of the industry; (2) olive oil, the secondary product, the manufacture of which is made necessary by the fact that the olive tree normally bears small olives as well as large and the small fruit can not be utilized in any other form than in olive oil; (3) black, ripe, dry, salt-cured olives which are the larger sizes of olives usually harvested too ripe for canning or bottling, and (4) green (Sicilian type) olives packed in brine. The relative importance of these products of the California olive industry, both as to volume and value, is shown below:

	Quantity (in round numbers)	Wholesale value, finished product
1. Ripe canned and bottled olives.....	Tons 11,500	\$3,750,000
2. Olive oil.....	8,000	575,000
3. Black, ripe, salt-cured olives.....	1,000	240,000
4. Green (Sicilian type) olives and "fresh" olives.....	1,500	187,500
	22,000	4,752,500

¹ Equals 750,000 cases.

² Equals 288,000 gallons.

The compilation above covers an average year's production, showing an output of 22,000 tons, of a wholesale value of the finished product of nearly \$5,000,000. The production is increasing steadily as our trees get older. There are very few new olive orchards being planted and these only of special varieties which growers hope may prove profitable. The amount of such planting will not exceed 200 acres a year, and some of it displaces olive plantings of other varieties.

All the canned and bottled ripe olives consumed in this country are produced in California. In no other country is this particular type of olive produced at the present time.

An olive tree, unlike any other fruit tree, lives and bears fruit for hundreds of years. Hence, when an olive orchard is once established it is practically a permanent investment. In the Mediterranean there are olive orchards bearing fruit at 300 years of age.

Imports of edible olive oil in bulk and in packages of less than 40 pounds, for the years 1920 to 1928, inclusive, are shown in the following table:

Imports of edible olive oil entered for consumption into United States from 1920 to 1928, inclusive

[Figures from Bureau of Foreign and Domestic Commerce]

Years	In bottles, jars, tins, and similar packages (weighing less than 40 pounds)			Olive oil in bulk (casks, etc.)			
	Rate of duty (gallon)	Quantity (gallons)	Amount	Rate of duty (gallon)	Quantity (gallons)	Amount	Total imports (gallons)
	<i>Cents</i>			<i>Cents</i>			
1920.....				50	14,078,811	\$12,168,848	4,078,811
1921.....				50	17,728,099	11,150,774	6,628,699
1922.....				50	18,040,217	11,811,146	8,040,217
1923.....				50	10,143,238	12,217,505	10,143,238
1924.....	60	6,079,471	\$7,828,502	50	3,981,688	5,061,467	10,011,889
1925.....	60	6,768,574	8,720,576	50	5,113,995	6,935,731	11,882,699
1926.....	60	6,669,431	8,884,134	50	3,655,717	5,017,140	10,315,148
1927.....	60	8,668,484	10,168,626	50	4,198,280	7,418,264	9,838,794
1928.....	60	6,388,913	8,848,319	50	4,513,275	6,108,827	10,889,188

* Includes imports in both bulk and packages.

Individual olive holdings average between 10 and 15 acres, and the number of olive growers in California and Arizona is estimated at 2,300 to 2,500. Labor employed continuously and seasonally in the orchards numbers about 6,000, making a total of about 8,300 to 8,500 people in California and Arizona who look to the domestic olive industry for all or a major part of their means of livelihood.

At the present time the production of olives in California and Arizona in a normal year is approximately 24,000 tons. About 40 per cent of the tonnage is used in the manufacture of olive oil, the remaining portion being utilized for ripe-canned olives (the larger-sized fruit), black-ripe olives (salt cured), Sicilian (green in brine), and olives which are shipped in a fresh state.

The growing of olives and the manufacture of olive products in this country, like other American industries, is based on the American standard of living, which demands adequate wages for all labor performed; and likewise all materials used in both growing and manufacturing olive oil and olive products must be paid for at prices which represent such returns as will afford the producers and dealers in these materials the profit necessary to maintain the aforesaid American standard of living.

Labor costs in the olive industry in the United States have not declined in the past eight years, but in many cases have increased. Labor employed in olive orchards at this time, and for several years past, is paid for at the rate of \$4 per day. This is an average figure. Male labor in the olive factories is paid from \$4 to \$6 per day, according to the nature of the work, while female factory workers have received a minimum wage of \$18 per week.

Latest figures obtainable from the Mediterranean olive-producing countries, gathered through the United States Trade Commissioners and commercial attachés, show that in Greece labor in the orchard (male) is now being paid at the rate of 60 drachmae per day (78 cents United States present exchange), while female labor in the orchards receive 30 drachmae per day (39 cents United States). In Italy (Liguria district) male workers employed in the

olive orchards received last season (1927) lire 10 (53 cents United States) per day and female workers lire 7 (36.6 cents United States) per day of seven hours. Factory workers (male) were paid lire 25 to 28 (\$1.21 to \$1.46 United States) per day of 14 hours. According to the United States Trade Commissioner at Rome, writing under date of November 23, 1928, "the daily wage for olive pickers in Sicily is lire 5 (26 cents United States) per day; workers in the olive pressing mills are paid on the basis of around lire 16 (84 cents United States) per day. This may be considered as an average. In the Puglias district wages for olive pickers are based at around lire 1.30 (6.8 cents United States) per hour for men and lire 0.60 (3.14 cents United States) for children."

Notice is called to the fact that female labor, cheaply paid, is employed very largely in the olive industry in the Mediterranean countries.

It is of importance to note that 60 per cent of the expense of producing oil olives, here and abroad, is represented by labor costs.

Another advantage enjoyed by the foreign producer of olive oil is in the important matter of freight rates. We are advised by the steamship companies which transport this commodity that olive oil can be shipped from Genoa to New York for 68 cents per hundred pounds. The all-rail freight cost of delivering California olive oil in New York City is \$1.28 per hundred pounds, while the rail and water rate (using the Panama Canal) is 73½ cents per hundred pounds. As a matter of fact, the foreign producer of olive oil can even ship olive oil into the State of California with duty, freight, and all other charges paid and sell the product at prices which deny the domestic olive grower any profit whatever.

The present cost of bringing an olive orchard in California into early bearing (seven years of age), is in excess of \$700 per acre. Taking this figure then as the average value of an acre of olive trees just reaching bearing age in California, we compare this with the figures from Consular Report No. 79 (it is but fair to state that said report was issued in 1918), and find that the average value of bearing olive trees in Spain, expressed in American money, was \$113.33 per acre. This is probably high compared with present values.

According to United States Trade Commissioner Joseph M. Marrone, stationed at Rome, Italy, and reporting on the subject of the olive business in the Mediterranean, under date of September 13, 1928: "The average price at which olive oil was sold in Barcelona, Spain, for the five years 1923 to 1927, inclusive, was pesetas 231.4 per hundred kilos, equivalent at present exchange rates to \$1.28 United States per gallon." (Our figures show growers' production cost on oil olives is equivalent of \$1.50 per gallon.)

At the time this brief is being prepared (the early part of June, 1929) imported olive oil of average quality is being widely offered for sale in quantity at from \$1.75 to \$2.10 per gallon (in 35 to 50-gallon drums or barrels) laid down in New York City, duty paid. (Importer's profit also included in these prices.)

The cost of producing oil olives in the average domestic orchard has been carefully reckoned at \$62.50 per ton. This figure is arrived at by considering the items of cost enumerated as follows:

Table 1

Plowing and cultivation.....	per acre..	\$13. 00
Irrigation, labor.....	do.....	7. 00
Irrigation, water.....	do.....	6. 00
Harvesting.....	do.....	40. 00
Taxes.....	do.....	12. 50
Tools and materials.....	do.....	3. 00
Miscellaneous.....	do.....	1. 50
Interest on investment (6 per cent on \$700).....	do.....	42. 00
Total.....	.....	125. 00

It is figured that under favorable conditions an acre of olives properly cared for will produce 2 tons of oil olives, and on this basis the production cost per ton would be \$62.50, as shown above.

It is a fact that during the past six and one-half years, since the present tariff has been operative, the average return to California producers of oil olives has been far below this amount (only \$36 per ton); therefore the production of oil olives in California during this period has been marked by heavy annual losses.

The imposition of such duties as would protect, in part at least, the California grower of olives against ruinous competition is absolutely necessary not

only to enable us to maintain and develop our ripe canned olive industry but is needed to prevent a considerable part of the present olive acreage from continuing to be uprooted.

Table 2

Labor in handling fruit, pressing, materials used in manufacture, repairs to machinery and buildings; superintendence, salaries, depreciation, taxes, insurance, and interest.....	Per gallon \$0.81004
55-gallon steel drums.....	.04545
Carload freight to New York (40,000 lb. car), all rail.....	.10940
Labor, filling drums, shipping, etc.....	.00550
Total manufacturing cost.....	.97039
Raw material, olives, pressing 36 gallons to the ton, at \$36 per ton.....	1.00
Total cost.....	1.97039

The preceding figures are taken from the records of the largest and most efficiently managed olive-oil factory in California. The calculation of costs is made on the basis of the purchase of olives at only \$40 per ton, which is considerably less than it now costs the grower to produce the fruit (our brief shows the cost of producing oil olives to be \$62.50 per ton).

The figures show California olive oil laid down in New York, a competitive point, at a total cost of \$1.97 per gallon, bulk basis. Foreign olive oil is now selling at wholesale in New York City at from \$1.75 to \$2.10 per gallon, present duty of 6½ cents per pound paid.

It is contended that olive oil is a staple food of great numbers of people, whereas the fact is that this product is really a "luxury" oil since its price is so high compared to all other vegetable oils as to put it in an entirely different class from these oils. According to the Department of Commerce, the total consumption of vegetable oils which substitute for olive oil amounted, in 1927, to more than 193,000,000 gallons. This compares with a total consumption of approximately 10,000,000 gallons of olive oil during the same year.

The reasonable increase in duties on olive oil asked herein, to protect the American olive-growing industry, will not, we maintain, impose any appreciable burden on consumers of this "luxury" type of edible oil.

We call the attention of the Finance Committee to the fact that we asked in the House a rate of 16½ cents a pound on olive oil in bulk, whereas now we are asking but 10 cents a pound on the same commodity. There is no inconsistency in our having asked a higher rate four months ago for the different rates apply to entirely different situations in our industry. We asked the rate of 16½ cents per pound in the House, first, because that amount is the real difference in cost of production of olive oil here and in the Mediterranean, and any lesser rate will not be fully protective of our olive-oil industry. And, secondly, the higher rate was asked because it was our thought and our desire to develop in our State a major industry producing olive oil as a principal product and in quantity sufficient, in time, to supply the entire needs of this country for olive oil, which we believed and still believe would be possible under the 16½-cent rate.

It was evident from the action (or rather lack of action) taken in the House on this request that that body could not see its way clear to further this ambition of ours. We hold, however, that the failure to grant the requested rate of 16½ cents does not mean that we are not entitled to some protection on our present developed industry, which, as we have shown, is now suffering severely from having to make up the losses necessarily growing out of the manufacture of olive oil by deducting these losses from the returns received by the growers for their canned ripe olives.

Our request for an increase in the present rates is, therefore, based on the necessity of protecting a substantial, although not profitable, existing industry through an increase of tariff on olive oil, which, although a by-product of the ripe canning olive industry, is, nevertheless, a necessary component part thereof, inseparable from the canning ripe olive business, and the losses from which now constitute and have constituted for several years a heavy burden on the ripe olive canning industry.

Respectfully submitted by the undersigned for the domestic olive-growing industry.

CALIFORNIA OLIVE ASSOCIATION,
By FRANK SIMONDS, *President*.
J. J. HOEY, *Secretary*.

BRIEF OF THE ITALIAN CHAMBER OF COMMERCE IN NEW YORK

In the tariff bill recently passed by the House of Representatives and which is now before the Senate for consideration, the duty on olive oil, imported in containers weighing with their immediate container less than 40 pounds, has been advanced to 8½ cents per pound, in place of the present rate, which is 7½ cents per pound, whereas that in containers of 40 pounds or over has been retained at 6½ cents per pound.

This change was made, ostensibly, for the purpose of protection to the so-called domestic olive oil canning industry. This chamber desires to go on record as unequivocally opposed to this change. We will endeavor to show the untenable ground upon which the attempt is made to excuse it; how any such attempt is based on a flagrant negation of the facts; and to respectfully warn against the proposed increase, which can be looked upon only with great misgiving for the future welfare of this important industry.

Olive oil consumption in this country has grown to considerable proportions in the past few decades. While prior to 1900 the amount annually imported did not reach 1,000,000 gallons, in recent years it has averaged over 10,000,000 gallons. We speak only of imports, for this country is practically dependent for its supply from the Mediterranean countries. While on the Pacific coast of this country some olives are grown, the olive-oil industry is, however, of negligible importance. Our total olive oil yield has never attained 2 per cent of the consumption, and in recent years has shown a tendency to decline. This small output is mainly the product of crushing the culms, for the major portion of the crop is preserved in the form of canned ripe olives, which yield a quicker and more profitable return on the crop. We mention this in passing simply to illustrate the absence of the protection factor of the olive oil production, which fact is now generally conceded.

Olive oil is being used more and more because of its hygienic and medicinal properties. It has always been an excellent article of food or condiment. The medical profession are giving increased indorsements to its use. People of Latin origin have always used olive oil daily in cooking, for salads, etc., and for medicinal purposes. The Government should help promote the use and also safeguard the purity of all olive oil as a matter of sound public policy. Olive oil should be guarded with the same care as is given to milk or patent medicines.

The canning of olive oil in the United States started as an emergency step during the war, when embargoes were placed on the shipment of olive oil from Europe, which supplied most of the olive oil in small packages. Packing of olive oil has been continued since on a lesser scale for most of the war-time packers abandoned the practice upon return to normal conditions. It therefore can not be represented as an industry of such importance as to demand greater protection than it now enjoys through the differential between the rate of duty on olive oil in bulk and that on olive oil in small packages, nor do the conditions of the industry warrant such a change. As a matter of fact there are very few plants of importance and reliability engaged in the industry. There are, however, many individuals who are small packers whose products are little to be relied upon, who raise their voices in complaint and the very lack of a *raison-d'être* is the best argument against their being further encouraged.

In the first place they depend for their supply of olive oil not on their own production but on purchases made for importation. To produce a fine-grade olive oil of uniform type requires expert blending, conditions which can exist only at the source of supply. Europeans after centuries of experience have become masters at blending. It is logical to assume that such condition unfortunately can not be maintained 4,000 miles away from the source of supply.

There is still another aspect far more serious with which we are more concerned, to wit, that packing foreign olive oil in the United States is not controlled, checked, or inspected, and these conditions open the doors to a myriad of frauds. On the other hand, all imported canned olive oil is subject to careful examinations by the Department of Agriculture as to its purity, weight, volume, etc., so that a consumer who purchases an original sealed package of such olive oil has every assurance of its genuineness. Consumers have come to know this, which explains the preference for the imported package and the reason why they willingly pay a higher price for it.

The Department of Agriculture, who, under the law, can concern itself only with interstate commerce cases, lists hundreds of cases of domestic packed olive-oil adulterations and all in violation of the food and drugs act. These are only the interstate shipments that have been discovered; no account is taken

those that escape detection or those sold locally beyond the jurisdiction of the United States Department of Agriculture. Cases of adulteration of olive oil make up the highest percentage of all food violation discovered.

That the domestic packer understands that the imported package enjoys the confidence and preference of the consumer is shown by his continuous and shameless attempts to brand, design, color, and so word his tins that the public may be misled into accepting it as an olive oil imported in the original container. Such packers have profited unjustly at the expense of the honest trader. We have never seen the words "made in the United States of America" or "packed in the United States of America" featured on any tin of olive oil packed in this country. But honest importers here are continually being compelled to defend their patent rights on well-known foreign brands, which rights have been infringed by domestic canners. Because Italian olive oil is the most popular, these domestic canners are continually using Italian names or brands with the purpose of deceiving the public and lead the consumer to believe that the product is Italian. While keeping within the law, frequently such statements as "Finest Lucca" or "Finest Italian" are shown on tins without stating where the tins were packed. In most cases such tins contain an inferior quality olive oil, and very often even this inferior olive oil is adulterated with addition of cottonseed, rape, sesame, corn, peanut oil, or other substitute vegetable oils.

To accept the proposed increased rate of duty would be to sanction this exploitation of the American public and to foster the perpetration of such frauds.

Honest canners of olive oil can continue to pack olive oil in the United States and are amply protected under the present differential in the tariff. The present rate of 6½ cents per pound on bulk olive oil amounts to some 50 cents per gallon. Compare this rate to that collected at present on small containers. The 1-gallon tins at 7½ cents per pound on oil and container pay 64 cents per gallon of oil, or at the rate of 8½ cents per pound net, and duty runs to 78 cents per gallon, equivalent to 10¼ cents per pound net, on the 1½-gallon size, duty being now collected on the weight of the oil and immediate container. The present rate of 7½ cents per pound on olive oil in packages of less than 40 pounds assures an advantage of from 25 to 50 cents per gallon to the domestic packer of olive oil imported in bulk, as shown by comparing the quotations of from \$2.50 to \$2.75 per gallon for olive oil imported in tins, against \$2.25 per gallon quoted for the domestic packed olive oil.

The advanced rate of 8½ cents per pound would increase this advantage on the gallon size to 33½-58½ cents per gallon, and proportionately more on the smaller sized tins. Pints, for instance, quoted, the imported, at the rate of \$3 to \$3.25 per gallon against \$2.60 per gallon for the domestic packed, and showing, at the rate of 7½ cents per pound, an advantage to domestic packers of 40-65 cents per gallon, would at the advanced rate of 8½ cents per pound secure to domestic-packed oil an advantage of 50-75 cents per gallon.

With reference to the cost of packing, this can be done quite as cheaply here as abroad. While the labor costs in the United States are higher, this factor is negligible because of the better machinery employed and the nonnecessity of expert manual labor required in packing. Foreign containers are made from American tin plate, and on this item domestic packers automatically have a distinct advantage in cost. As a matter of fact, in Italy a case of twelve 1-gallon tins cost some \$2.22 for packing, and this cost reaches \$11.15 per case of 384 1/32s; corresponding costs are lower in this country. Foreign packers must also contend with the factors of duty and ocean transportation.

While this chamber feels that it is most important that the difference in the duties assessed should not be any wider than it now is in the interest of the consuming public and the future welfare of this trade, it nevertheless feels that the Fordney-McCumber tariff rates are very high; that because olive oil is an article not requiring protection its rate for duty purposes should be levied as the need for revenue requires, and that in all events they should not be increased as proposed in H. R. 2667.

Olive oil is now being sold at retail prices two to three times higher than other edible vegetable oils. That the present duty brings the price of olive oil here to a point that it can stand very little additional burden was clearly illustrated a year or more ago. Short crop brought a natural advance in price, and though the retail advance did not average over 20 per cent, it was sufficient to lessen importations during that season some 2,000,000 gallons as compared to other years.

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In conclusion, this chamber respectfully recommends that the duty on olive oil be returned to 20 cents per gallon for olive oil in bulk and 30 cents per gallon for olive oil in packages of less than 5 gallons; or that, if the Government revenue requires it, the present rates of 6½ cents per pound on olive oil in bulk and of 7½ cents per pound on olive oil in packages of less than 40 pounds be retained.

Respectfully submitted.

ITALIAN CHAMBER OF COMMERCE IN NEW YORK,
By ALBERTO C. BONASCHI, *Secretary*.

COCONUT OIL

[Par. 55]

STATEMENT OF VICENTE VILLAMIN, NEW YORK CITY, REPRESENTING PHILIPPINE INTERESTS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You are speaking now for coconut oil?

Mr. VILLAMIN. Yes, sir. The plan, which we did not have the opportunity to examine at the Ways and Means Committee's hearings, was presented by the soap industry of the United States to denature that part of the coconut oil now used for edible purposes. That portion represents approximately 40 per cent of the coconut oil supply in this country. Sixty per cent of the oil going into the soap manufacturing.

The most revolutionary feature of the plan is that all coconut oil thus denatured should be admitted to the United States duty free irrespective of country of origin. It will be recalled that the 2 cents a pound duty levied on foreign coconut oil has effectively shut out from the United States the coconut oil coming from Ceylon, Java, and other foreign countries. The declared purpose of the plan is to satisfy the farm and the dairy industries of the United States, which propose a levying of 45 per cent ad valorem duty on all coconut oil, including that coming from the Philippine Islands. The inevitable effect of the plan, however, is to increase enormously the supply of coconut oil in the United States, which will thereby mean the slaughtering of prices, which will be beneficial to the soap industry which is the proponent of this plan.

Senator EDGE. Let me see if I understand you. Did I understand you to say that you are representing the Philippine Islands proposing that there be an ad valorem duty imposed on coconut oil?

Mr. VILLAMIN. No, sir.

Senator EDGE. I thought not.

Mr. VILLAMIN. I am not speaking on that point.

Senator EDGE. You said 45 per cent a moment ago.

Mr. VILLAMIN. I spoke on that question, I said, before the Ways and Means Committee. I am speaking now on another phase of the question.

Senator EDGE. I was astounded and wanted to be set straight.

Mr. VILLAMIN. We opposed that plan before the committee. We are now opposing another plan which was presented which we did not have an opportunity to examine before that committee. Now as I said, we registered our position against this plan because it will throw 40 per cent of the oil into the soap material field. Also, it will open the floodgate of the United States to the oils coming from

Ceylon and Java and the foreign countries, which will mean the elimination from this market of the coconut oil and the coconut oil manufactured in the continental United States, to the great disadvantage of this industry.

I wish to reiterate here for the purpose of clearness that we oppose also the proposals to place the Philippine coconut oil on the 45 per cent ad valorem basis on the ground that it is unnecessary and discriminatory against the Philippines while our country is under the American flag.

I thank you.

Senator EDGE. In other words, the present bill—

Mr. VILLAMIN (Interposing). As it stands, is all right.

Senator EDGE. The present bill should stand as it is, and as I understand it, the House Ways and Means Committee made no recommendation?

Mr. VILLAMIN. Yes, sir.

I wish to file a brief.

(Mr. Villamin submitted the following brief:)

BRIEF OF VICENTE VILLAMIN, NEW YORK CITY

COCONUT OIL—THE DENATURING PLAN

I am appearing as a Filipino citizen and for myself alone.

The soap industry proposes that that portion of the coconut oil now used for edible purposes (nut margarine, bakery, confectionery, and lard substitute) be denatured, rendering it unfit for human consumption. This portion represents approximately 40 per cent of the total supply, 60 per cent going to the soap kettle.

It is also proposed—and this is the most revolutionary feature of the plan—that coconut oil thus denatured be admitted duty free, irrespective of country of origin. The present duty of 2 cents a pound has effectively kept out the coconut oil from Java, Ceylon, and other foreign countries.

The declared reason for the plan is to induce the farm and dairy organizations to abandon their proposal of levying a duty of 45 per cent ad valorem on coconut oil, including that coming from the Philippines. But this is not the real reason and those organizations know it.

The real reason is to increase enormously the supply of coconut oil available for the soap kettle, and that means the slaughtering of the price of that commodity to the great advantage of the soap industry.

The displacement of certain by-products of the dairy and meat industries from the soap kettle by the increased supply of cheapened coconut oil will induce those industries to oppose the denaturing plan rather than adopt it as the solution of the problem which they presented.

The plan, moreover, will curtail the diversification of the use of coconut oil by driving it to the soap kettle and shutting it off from other industries by a scientific process.

We register our emphatic opposition to the denaturing plan because the throwing of the additional 40 per cent of the present supply of the coconut oil into the soap material field will further cheapen it; and the opening of the floodgates to the coconut oil from Java, Ceylon, and other foreign countries will eliminate Philippine coconut oil from the United States by reason of higher production costs.

The nut margarine, bakery, confectionery, and lard substitute industries as well as the manufacturers of coconut oil in continental United States are also in opposition to the plan.

We reiterate our disagreement with the proposal of the farm and dairy organizations to place Philippine coconut oil on a 45 per cent ad valorem basis because it is unnecessary and discriminatory against the Philippines while we are under the American flag.

**STATEMENT OF HON. CAMILLO OSIAS, RESIDENT COMMISSIONER
FROM THE PHILIPPINE ISLANDS TO THE UNITED STATES**

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. OSIAS. Mr. Chairman and gentlemen of the committee, I am one of the two Resident Commissioners from the Philippine Islands to the United States, here in Washington, representing the government and the people of the Philippine Islands. I appear on behalf of the Philippine people, who are interested in the whole tariff question because our products are affected, especially our sugar and our coconut oil. A proposal has been made to place a limitation on some of our products which we can now export duty free to the United States, as in the case of sugar—

Senator SMOOR (interposing). But we are talking about oils in this subcommittee.

Mr. OSIAS. I was coming to that—and the proposal with respect to other products, including coconut oil, is to place a duty upon our products. The committee in charge of this particular schedule is now dealing with the proposition made by some opponents of Philippine interests that there should be a full duty levied upon our products. I submit, Mr. Chairman and gentlemen of the committee, that this would seem to be an un-American step to take in view of the precedents that have been established and in view of the principles that have been followed in the trade relations between America and the Philippines for several years.

It is contended by some of our adversaries that the tariff principle which has been followed in the relations between the United States and the Philippines, as can be found in the hearings, is that the principle of levying a tariff against us has been the principle sustained in former tariffs. I contend that that is not true, that the record of the dealings of the United States with us, as well as congressional enactments, are contrary to that contention.

Senator SMOOR. You had a limitation in 1909.

Mr. OSIAS. Yes; but I am referring to the time from 1913, particularly the enactment of the tariff of that year, and the provisions in the tariff act of 1922.

Senator SMOOR. I do not want to take any of your time, but you better talk on vegetable oils now, because you only have two or three minutes left.

Mr. OSIAS. Our coconut oil and oil in copra should be considered in connection with the exports that come from the cotton and dairy districts that are protesting against the importation of these products from the Philippines.

Mr. Chairman and gentlemen of the committee, we used to have 41 companies engaged in this business in the Philippine Islands, and that number has dwindled down to 7 to-day.

Senator SMOOR. Through combination. But you are producing more coconut oil than you did at the time when you say you had forty-odd companies.

Mr. OSIAS. But we are not producing as much as we did during the boom period of the World War.

Senator SMOOR. Oh, no. You can not expect to do that.

Mr. OSIAS. We are producing 280,000 tons, or something like 40,000 or 50,000 tons less than the United States consumes every year.

I want to bring out this fact, however, that the cotton manufactures constitute our first item of imports from the United States, and so I say that it is clearly in the interest of the cotton districts and the meat and dairy districts to enhance the purchasing power of the Philippine people rather than to cripple our purchasing power.

Our plea, therefore, Mr. Chairman and gentlemen of the committee, is for a continued observance of the principles which should govern and which have governed previous Congresses in tariff enactments, at least while the Philippines remains as an insular possession of the United States.

Much has been said, Mr. Chairman and gentlemen of the committee, about the alleged menace of our industries. That is brought out in Volume I of the hearings before the Ways and Means Committee of the House of Representatives.

Senator SMOOR. Give the page, because your time is up now.

Mr. OSIAS. Page 618. They say that the area where coconuts may be grown in the islands is 700,685 square miles, whereas as a matter of fact the area of the islands is only 114,400 square miles.

Senator SMOOR. Have you a brief that you wish to file?

Mr. OSIAS. How many minutes have I left?

Senator SMOOR. You are one minute over your time now.

Mr. OSIAS. I only want to stress, Mr. Chairman and gentlemen of the committee, the moral principle involved. We believe that—

Senator SMOOR (interposing). We will take care of the moral question. The question is whether or not there should be a duty.

Mr. OSIAS. I ask the consent of the committee to file my brief.

Senator SMOOR. That brief will be made a part of your remarks.

Mr. OSIAS. I thank you.

There is a Philippine delegation in Washington to-day whose members, together with the two Resident Commissioners from the Philippines, are charged with the duty of cooperating with the officials of the American Government in the hope that a just, righteous, and final settlement of American-Filipino relations may be reached. As a Resident Commissioner I appear before you in representation of the delegation and of the government and people of the Philippine Islands. In their name and in mine I wish at the outset to thank you for your courtesy.

If it pleases the members of this body, I shall make a brief presentation of a few pertinent facts after which you may ask any question you desire. If anyone prefers to ask questions in the course of my remarks I will adjust myself to your wishes.

The problem before us is the tariff question, with special reference to Schedule 1, chemicals, oils, and paints. All the important products of the Philippines are affected. Proposals have been made to place a limit on Philippine exports to this country, especially sugar. When the schedule on sugar and molasses will come up for discussion we hope to present our views on the subject, as we also hope so to do with respect to the special and administrative provisions when discussion of them will be in order before the Senate Committee on Finance. With respect to Philippine coconut oil and copra, which is the specific problem now before us, the agitation of vested interests, apparently not so much concerned with the welfare of the people of

the Philippines, including Americans resident there and not concerned with the ethical principle involved in the relations between the two peoples, is "for a full tariff duty against the Philippine Islands."

The advocates of levying "full tariff rates on both copra and coconut oil" from the Philippine Islands claim that they are "backed by the precedents of former tariff acts sustaining this principle of levying a tariff against them" (the Philippine people). The question is, What has been the principle sustained by America in her tariff relations with the Philippines?

In the statement of Mr. Henry L. Stimson, former Governor General of the Philippines, now the Secretary of State, before the Committee on Ways and Means in the House of Representatives on the 17th of April, 1929, he used these words:

This original movement initiated under the McKinley and Roosevelt administrations 30 years ago was based upon free trade between the Philippines and the United States.

We have thus the testimony of a high responsible official of this administration saying that America's trade policy with the Philippine people was based upon the principle of free trade, whereas the opponents of Philippine welfare claim that it was the "principle of levying a tariff against them." The choice is easy.

In 1905 the Republican majority report of the Committee on Ways and Means enunciated the free-trade principle clearly in these words:

The only logical result from our possession of the Philippine Islands is free trade between the islands and the rest of the United States. It is definitely settled that we retain them until the people are prepared for self-government.

The minority members of that same committee were also in favor of free trade.

In 1909 a Republican Congress granted a very large measure of free trade when it was permitted by Article IV of the treaty of peace between the United States and Spain, which provided as follows:

The United States will, for the term of 10 years from the date of the exchange of the ratifications of the present treaty, admit Spanish ships and merchandise to the ports of the Philippine Islands on the same terms as ships and merchandise of the United States.

In 1913 a Democratic Congress granted substantially complete free trade when the following provisions were approved:

C. That there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided*, That all articles the growth or product of or manufactured in the Philippine Islands from materials the growth or product of the Philippine Islands or of the United States, or of both, or which do not contain foreign materials to the value of more than 20 per cent of their total value, upon which no drawback of customs duties has been allowed therein, coming into the United States from the Philippine Islands shall hereafter be admitted free of duty: *Provided, however*, That in consideration of the exemptions aforesaid, all articles the growth, product, or manufacture of the United States upon which no drawback of customs duties has been allowed therein shall be admitted to the Philippine Islands from the United States free of duty: *And provided further*, That the free admission herein provided of such articles the growth, product, or manufacture of the United States into the Philippine Islands, or of the growth, product, or manufacture, as hereinbefore defined, of the Philippine Islands into the United States, shall be conditioned upon the direct shipment thereof under a through bill of lading from the country of origin to the country of destination: *Provided*, That direct shipment shall include shipments in bond through foreign territory contiguous to the United

States: *Provided, however,* That if such articles become unpacked while en route by accident, wreck, or other casualty, or so damaged as to necessitate their repacking, the same shall be admitted free of duty, upon satisfactory proof that the unpacking occurred through accident or necessity, and that the merchandise involved is the identical merchandise originally shipped from the United States or the Philippine Islands, as the case may be, and that its condition has not been changed except for such damage as may have been sustained: *And provided,* That there shall be levied, collected, and paid in the United States upon articles, goods, wares, or merchandise coming into the United States from the Philippine Islands, a tax equal to the internal-revenue tax imposed in the United States upon the like articles, goods, wares, or merchandise of domestic manufacture, such tax to be paid by internal-revenue stamp or stamps, to be provided by the Commissioner of Internal Revenue and to be affixed in such manner and under such regulations as he, with the approval of the Secretary of the Treasury, shall prescribe; and such articles, goods, wares, or merchandise, shipped from said islands to the United States shall be exempt from the payment of any tax imposed by the internal revenue laws of the Philippine Islands: *And provided further,* That there shall be levied, collected, and paid in the Philippine Islands upon articles, goods, wares, or merchandise going into the Philippine Islands from the United States a tax equal to the internal-revenue tax imposed in the Philippine Islands upon the like articles, goods, wares, or merchandise of Philippine Islands manufacture, such tax to be paid by internal-revenue stamps or otherwise, as provided by the laws in the Philippine Islands; and such articles, goods, wares, or merchandise going into the Philippine Islands from the United States shall be exempt from the payment of any tax imposed by the internal revenue laws of the United States: *And provided further,* That in addition to the customs taxes imposed in the Philippine Islands there shall be levied, collected, and paid therein upon articles, goods, wares, or merchandise imported into the Philippine Islands from countries other than the United States the internal-revenue tax imposed by the Philippine Government on like articles manufactured and consumed in the Philippine Islands or shipped thereto for consumption therein from the United States: *And provided further,* That from and after the passage of this act all internal revenues collected in or for account of the Philippine Islands shall accrue to the general government thereof and be paid into the insular treasury: *And provided further,* That section 13 of "An act to raise revenue for the Philippine Islands, and for other purposes," approved August 5, 1909, is hereby repealed.

In 1922 another Congress reenacted the same provisions of the tariff act of 1913. It is therefore clear as clear can be that the American policy in the enactment of tariff acts has not been governed by the principle of levying duties against Philippine products but by the principle of reciprocal free trade arrangement between the two countries.

If our adversaries, the proponents of America's reversing her avowed Philippine economic policy, are bent on splitting hairs with respect to the tariff provisions governing the trade relations between America and the Philippines, let it be my turn to indulge in a critical analysis of the following pertinent provisions of the tariff act of 1922, Title III, special provisions:

SEC. 201. That there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided,* That all articles, the growth or product of or manufactured in the Philippine Islands from materials the growth or product of the Philippine Islands or of the United States, or of both, or which do not contain foreign materials to the value of more than 20 per centum of their total value, upon which no drawback of customs duties has been allowed therein, coming into the United States from the Philippine Islands, shall hereafter be admitted free of duty: *Provided, however,* That in consideration of the exemptions aforesaid, all articles the growth, product, or manufacture of the United States, upon which no drawback of customs duties has been allowed therein, shall be admitted to the Philippine Islands from the United States free of duty: * * *

I contend that a careful analysis of the foregoing provisions demonstrates that under the present trade arrangement the decided advantage is on the side of the United States. Why? Because all American exports of every kind and description are admitted absolutely without duty into the Philippines. Not so with Philippine exports coming to the United States because exception is made of Philippine articles which contain foreign materials to the value of more than 20 per cent of their total value. You will please notice that no such exception or qualification or limitation or prohibition is made upon American articles sent to the Philippines.

The tariff bill pending action in the Senate has already been acted upon in the House of Representatives. In the official report of the Committee on Ways and Means on H. R. 2667 it was stated that the members rejected "all amendments proposing to restrict in any way imports from the possessions of the United States by imposing limits as to kind, quality, values, or in any other way * * *." The House subsequently sanctioned this recommendation thus reasserting the principle of free trade between the two peoples under the protection of the same flag.

Our plea now is that this principle which has governed previous Congresses in tariff enactments shall be respected and maintained by the present Senate at least while the Philippine Islands remain as insular possessions of the United States.

I am aware that the voluminous record of hearings conducted by the House Committee on Ways and Means contains a great deal of facts, figures, data, and information which are helpful. We are thus all relieved of the necessity of dealing with such matters, and it would be unpardonable on my part to indulge at length in unnecessary duplication. I must say, however, that there are a few pertinent facts lacking and some misstatements and wild claims which need rectifying, and I purpose to supply a few such facts and rectify certain glaring errors, not to say gross misrepresentations.

In the discussion of Philippine sugar and Philippine coconut production the advocates of limitation and the champions of levying duties upon them have made much of the allegation that the Philippines is a menace. In the case of sugar the agitation has subsided when it became generally known that Philippine sugar exported to the United States forms but an infinitesimal portion (only 8 per cent) of the total sugar consumption in this country. In the case of coconut and its derivatives, those who were so anxious in depicting the menace from the Philippines resorted to exaggeration of the most elemental facts. Here is a sample taken from Volume I of the hearings before the House Committee on Ways and Means (p. 613):

The total area of the (Philippine) islands is given at 700,685 square miles, or approximately 448,000,000 acres.

I know, of course, that such tactics are doomed to failure because intelligent Americans know that the area where coconut may be grown in the islands can never be as large as these figures may lead one to believe, because the true area of the islands is not 700,685 square miles but only 114,400 square miles; not 448,000,000 acres but only 73,215,766 acres. I have already shown the equally fallacious deduction made by the same people that the former tariff acts "sustain the principle of levying a tariff against" the Philippines.

(Hearings before the House Committee on Ways and Means, Vol. I, p. 616.)

Those who would place limitation or levy duties on Philippine products in their fond endeavor to give plausibility to their claims have sought to appeal to prejudice by alleging that foreigners are the chief beneficiaries in the Philippines under the present trade arrangement. This is not true either in the sugar industry or in the coconut industry. In the former, Filipinos and Americans are in control, and in the latter Americans and Filipinos are in control from the standpoint of land ownership, capital investment, or labor.

But granting, for the sake of argument but for this only, that foreigners are the beneficiaries, I think Americans ought to be the last of all peoples to raise a hullabaloo about foreign investments, because if it is an offense to secure benefits from foreign investments then the American people would be the worst offenders. America has been pouring abroad about \$2,000,000,000 annually in the form of investments since 1923—

* * * A sum in the neighborhood of \$15,000,000,000 appears to be the accepted aggregate of American investment abroad. This is exclusive, of course, of governmental advances to other nations.

Americans, by the end of 1927, had the following foreign investments by geographical groups: In Europe, \$4,327,000,000; Canada, \$3,922,000,000; Central America, \$2,915,000,000; South America, \$2,247,000,000; China, Japan, and Philippines, \$727,000,000; in Australia, Africa, etc., \$362,000,000. (G. W. Edwards, *American Dollars Abroad*, pp. 5-6.)

In the Philippines we grow tropical products. In America you grow temperate products. The products of both countries supplement and complement one another. We have great demand for your agricultural and industrial products. You have need of our products. Herein is a basis for good international trade, and I do wish we all could calmly and in a sensible manner look at the situation aright.

From what districts of the United States comes the strongest opposition to the Philippine coconut oil and copra industry? From the cotton and dairy districts. Let me say to the cotton growers that the inhabitants of my country are now about your best customers. Among our principal imports from the United States, cotton manufactures hold first rank. Every man in my country is spending annually 2 pesos for your cotton products. Every man, every woman, every child, spends \$1. Business foresight and far-sightedness dictate that you help increase our purchasing power in order that we may consume more of your cotton products. You are anxious to help agriculture and farmers. That is why a special session of Congress has been called. You are not accomplishing this by crushing our industries. We are now spending about twenty-five million pesos yearly for American cotton goods. We are also good customers of yours for your meat and dairy products. In 1927 we bought six million and a half pesos of your meat and dairy products including cheese, butter, and milk. This demand will increase with the march of the years. It is not for the good of American agriculture to take steps that will reduce the purchasing power of a people from a country where you almost have a monopoly of the market. To do so would be in the long run a sort of harakiri for the cotton and meat and dairy industry.

You object to our coconut oil because of your cottonseed oil produced here. America uses practically all the cottonseed oil produced here. Cottonseed oil is a by-product. America needs more coconut oil than we can supply now.

There are only seven coconut oil mills operating in the Philippines now. There used to be more. Factories sprang up like mushrooms during the World War period. As many as 43 companies were at one time in existence. With the period of depression as an aftermath of the war, the companies became bankrupt or disappeared and today only seven survived. The monthly capacity of all mills was about 18,000 to 20,000 tons of oil. The present monthly output has dwindled down to 16,000 tons. Some 1,600 people are employed. The total investment, including working capital is \$17,500,000. The average extraction by Philippine mills is between 62 per cent and 63 per cent. The dominating nationality in the coconut-oil industry is American. Are the Americans in the Philippines less entitled to consideration than the Americans in the continent?

That the Filipinos have been benefited by the reciprocal trade arrangement which has been in vogue between the United States and the Philippines for several years is admitted. That Americans likewise have been greatly benefited can not be denied.

There is no blinking the fact that America reaped incalculable benefits from such trade relations. The direct business benefits are obvious and need not be pointed out. The indirect benefits are even greater. American trade in the Orient grew by leaps and bounds since the occupation of the Philippines. Twenty-five or 30 years ago America's import and export trade in Asia and Australasia was comparatively negligible. During the 15-year period, from 1913 to 1927, inclusive, your trade registered an increase of \$2,159,000,000. And never forget you have your greatest future opportunity for business expansion in the Orient. Your potential customers are not counted by the thousands or millions. They number 1,000,000,000.

How have you, as a nation, progressed as you have in securing your business footing in the Far East? By the policy of altruism which you announced to be followed in the administration of Philippine affairs. How have you succeeded to enhance your far eastern trade and commerce? By fostering good will and understanding. How may you capture your potential customers? By being true to your plighted words and by fostering friendship.

What America does in the Philippines is the basis of interpretation of America's motives and principles by the peoples in the Pacific borders. The Philippines acts as America's broadcasting station. Win the friendship and confidence of peoples there to insure your economic, moral, and political prestige. The oriental buys more because of friendship rather than by the simple merit of the article. This may appear peculiar to an occidental but it is true. It is fundamental. Lose his friendship, shake his confidence, and the doubt and confusion that ensue will blind him to the worth of your goods. It is therefore a business and a moral asset for America to see to it that nothing that she does or omits to do in her dealings with the only Christian nation in the Far East, now or in the future, which will result in shaking the faith and confidence or lessening the friendship of the peoples in the Orient.

Some who have appeared at these congressional hearings and others who have spoken or written about the tariff, have contended that America in the prosecution of her policy of protection ought to place the Philippines in the category of an independent foreign country. Here, indeed, lies the anomaly of our situation. The uncertainty of our status has once again been accentuated. For certain purposes the Philippines is considered domestic, for other purposes it is considered foreign. It does not seem just, fair, and logical that our country should, while a dependency, be treated as an independent country for tariff purposes. Interpreting the sentiment of my people and the Philippine Legislature, and on my own responsibility, I say you must first make the Philippines a free and independent republic before you treat my country as an independency for economic purposes.

Some who have appeared have stressed the point that America has the legal power to impose a tariff duty upon Philippine products and, having this legal power, you ought to exercise it. There is no disposition on the part of my people, certainly there is none on my part, to question the legal right of America to do this. The very organic act under which the Philippines is governed, section 10, clearly states that "the trade relations between the islands and the United States shall continue to be governed exclusively by laws of the Congress of the United States." We do not question that you have the legal power to dictate the economic policy that should be pursued in your dealings with the millions of souls in the Philippines. But I wish to invoke a principle; I wish to invoke a precedent; I wish to invoke contemporary American political history.

Your present Secretary of State said that "the attempt to restrict freedom of trade between the islands and the United States represents about the worst possible backward step that could be taken in American policy."

Coolidge stated to an envoy sent by the government of the Philippines:

You may be very sure that the American people have never entertained the purpose of exploiting the Filipino people or their country.

Harding gave this assurance to a Philippine mission:

No backward step is contemplated, no diminution of your domestic control is to be sought.

Wilson announced:

We are not owners of the Philippine Islands. We hold them in trust for the people who live in them. They are theirs for the uses of their life. We are not even their partners. It is our duty as trustees, to make whatever arrangement of government will be most serviceable to their freedom and development.

Taft boldly asserted the following:

From the beginning to the end of the state papers which were circulated in these islands as authoritative expressions of the Executive, the motto that "the Philippines are for the Filipinos" and that the Government of the United States is here for the purpose of preserving "Philippines for the Filipinos," for their benefit, for their elevation, for their civilization, again and again and again appear.

Roosevelt declared:

We are endeavoring to develop the natives themselves so that they shall take an ever-increasing share in their own government, and as far as is prudent we are already admitting their representatives to a governmental equality with our own.

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McKinley announced to the world thus:

The Philippines are ours, not to exploit, but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us.

Congress itself is committed to the policy that—

all properties and rights secured by the United States from Spain are placed under the control of said islands for the benefit of the inhabitants thereof.

In the light of the pronouncements which to us are sacred, I ask: Do you have the moral right? Is it ethically just that America, rich and powerful, should send all her products free of duty and without limit to my country and levy duties upon some and place limitation upon others of the products of the Philippines relatively poor and weak?

American sense of honor is at stake. American justice is on the balance. America, indeed, is on trial. She is on trial before herself. She is on trial before the Orient. She is on trial before the world.

What will she do to solve this American-Philippine problem? What will you, her chosen representatives, do?

Yours is the power to answer. Yours is the privilege. Yours is the opportunity.

Upon your answer depends the fate of 13,000,000 people across the sea. Upon what you do to the Philippines and for the Filipino people in the near future depends the verdict of history.

STATEMENT OF J. L. DIRICKX, REPRESENTING THE OIL SEEDS CRUSHING CORPORATION, BALTIMORE, MD.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. DIRICKX. Mr. Chairman and gentlemen of the committee, I represent the Oil Seeds Crushing Corporation, Baltimore, Md. We are manufacturers of coconut oil. I have also been asked to speak in behalf of the people interested in this same business on the Pacific coast, they not having found the time to come to Washington just at this juncture.

All I wish to say is that we in this industry are satisfied with the bill as it came from the House of Representatives, with copra free and coconut oil dutiable at 2 cents per pound.

The only additional remark I want to make now is in response to proposals that have been made to your subcommittee to admit coconut oil free of duty if it is rendered unfit for human food. If that were permitted you would defeat the intent of the present bill, because you would open the doors of the United States free of duty to importations of coconut oil from Java, Ceylon, India, and Europe.

I will simply refer you now to the report of the Tariff Commission on vegetable oils, which report shows a difference in price between the mills in Java, India, Ceylon, and Europe, and the mills in the United States. And, in addition to that, the thing that the Tariff Commission has overlooked is the difference in freight rates. Coconut oil is shipped to the United States from these countries by favored freight rates. You can ship to-day coconut oil from Hamburg, Germany, to New York for less money than we can ship it from Baltimore to New York.

We believe that you have no disposition to tax, limit, or restrict the importation of Philippine products. Therefore the situation would be created of all coconut oil for edible purposes entering the country free of duty from the Philippine Islands, and the coconut oil used by the soap makers would be supplied by Java, Ceylon, India, Europe, and in part by the Philippine Islands. The edible uses take only a part of the Philippine production, and the balance of this would go to the soap makers.

Senator BARKLEY. Is there an appreciable amount of coconut oil manufactured in the Philippine Islands and shipped here free of duty, or do they ship copra, and is it manufactured into coconut oil here?

Mr. DIRICKX. They ship about 140,000 tons of coconut oil a year, and the mills in the United States import about 350,000 tons of copra, and there is about 63 per cent of coconut oil in copra. So the mills in the United States make about as much coconut oil as is shipped here from the Philippine Islands.

Senator SMOOT. Your time is up.

Mr. DIRICKX. May I present this brief?

Senator SMOOT. Yes; you may hand it to the reporter.

Mr. DIRICKX. I thank you.

(Mr. Dirickx submitted the following brief:)

BRIEF OF THE OIL SEEDS CRUSHING CORPORATION BALTIMORE, Md.

We, as crushers of copra (coconut-oil producers) are satisfied with the provisions of House bill 2667, which provides for—

PAR. 55. Coconut oil, 2 cents per pound.

PAR. 1723. Copra, free.

And we beg your committee not to bring any changes to these provisions for the reasons set forth in our testimony before the House Ways and Means Committee, and our brief submitted to that body, and the testimony given by the representatives of the copra crushing industry of the Pacific coast, which are the very reasons which, after comparison with adverse testimony, have prompted the House to report these two paragraphs in their present form.

We desire now only to present to you our most vigorous protest against the proposal made by some interests to your committee for admitting coconut oil free, if rendered unfit for human consumption, that is, if "denatured."

This proposal would nullify all that the tariff act intends to do in regard to coconut oil.

It would open the doors of the American market to coconut oil produced in Java, Ceylon, India, and Europe; and in this connection we beg to refer to the report of the Tariff Commission on vegetable oils, which shows that in those countries the cost of conversion is barely 50 per cent of the cost of conversion in the United States, and even quite less than in the Philippine Islands.

In addition to the advantage of a much lower cost of conversion these foreign producers have the enormous advantage of shipping their oil by vessels of their own nationality at favored and very low ocean freight rates. These ships would and are prepared to ship oil at less money from the foreign shores to the ports of the United States than it would cost, for instance, to ship oil from Baltimore to New York, or vice versa. For instance, palm-kernel oil, which under the act of 1922 is free, is shipped from Hamburg to New York or Philadelphia at 20 cents for 100 pounds, while the rate from Baltimore to New York is 28½ cents.

We believe we are right in assuming that there is no disposition on the part of Congress to either tax, limit, or restrict the importation of Philippine products.

Therefore the situation would be created where—

(1) All the coconut oil for edible purposes would enter the country free of duty from the Philippine Islands; and

(2) The coconut oil used by the soap makers would be supplied by Java, Ceylon, India, Europe, and in part by the Philippine Islands.

The edible uses take only part of the Philippine production; the balance of this would go to the soap makers.

The balance of the soap makers' requirements would be filled by foreign oils, because we American millers have to buy our raw material—copra—in the same markets where these foreign mills operate, and we have to pay at least as large a price as they pay; and how could we exist if, after paying the same price for copra as the foreigner, we have to pay a higher freight rate for copra—our raw material—than they pay for oil, also pay a cost of conversion (labor, etc.) of practically double that of the foreigner?

Furthermore our by-products—cake—which is 84 per cent of the copra, has to be exported to Europe in a large way because there is no demand for the total production here. We have to ship our by-products to Europe, paying freight on it, and compete with the cake produced right there.

We refrain from mentioning figures and will simply refer to the findings of the Tariff Commission.

You will see then that under such conditions the mills in continental United States crushing copra would simply be forced out of existence.

Our outlet of oil to makers of edible products would be blocked by the Philippines who would meet in their sale to soap makers the competition of Java, India, Ceylon, and Europe, and with the soap makers we would find the same competition which would be able to undersell us by several dollars per ton.

This measure would help nobody here, quite to the contrary; and it would rebound to the detriment of agricultural interests.

It would only stimulate the production of coconut oil in Asia and Europe, who would inundate this country with oil at such cheap prices at times that then coconut oil really would become a competitor and could, and in many instances would, be used in soaps as a substitute for other fats, especially tallow.

It will not keep out, nor reduce, the supply of coconut oil, but will, on the contrary, increase the supply, because it will open this market to the whole world and this increased supply will be at a lower price level.

We are pleading now for the very existence of the copra-crushing industry in continental United States, which free entry of denatured coconut oil will most assuredly kill.

And may we now be permitted to say a word about the importance of this industry in the United States?

If this industry is permitted to disappear, it can not be reinstated in a short period. Not only does it take a long time to equip factories but it requires a long time to train personnel, and, especially, it takes years to lay out and perfect the buying of the raw material.

Coconut-oil production is, in case of national crisis, of the very utmost importance. No other oil is as big or as ready a producer of glycerin as coconut oil, and glycerine is needed not only in the manufacture of explosives but as a bath for the recoil of quick-firing guns, such as field artillery and anti-aircraft guns; also as an antifreeze in the cooling systems of airplanes and dirigible craft.

Can we afford, in such a case, to be entirely dependent upon foreign sources of supply? A survey of the map showing the vulnerability of our line of communications with the Philippines shows that we could not rely strongly upon that source of supply, and it would take several months to recreate only a nucleus of the industry here once it had been given up and the personnel disbanded and scattered.

We therefore respectfully submit that this proposal of free entry of denatured oil be disregarded and that coconut oil be left undisturbed as it is now under paragraph 55 of the House bill.

OIL SEEDS CRUSHING CORPORATION,
By J. L. DIRICKX.

PERFUMERY MATERIALS

[Par. 61]

BRIEF OF JAMES W. BEVANS, REPRESENTING CERTAIN MANUFACTURERS OF PERFUMERY

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.:

We are manufacturers in the United States of high-grade perfumery, our employees numbering 2,300 men and women, who receive in wages an aggregate of over \$5,000,000.

In the manufacture of such perfumery, we use as raw materials ambergris, castoreum, civet, and musk, grained or in pods. These materials must be imported, and they are assessed with duty under paragraph 61, of the tariff act of 1922, at 20 per cent ad valorem, and it is proposed to continue this rate of duty under paragraph 61 of H. R. 2667.

We filed with the Ways and Means Committee of the House of Representatives a brief in which we requested that these materials be placed upon the free list as they were under the tariff acts of 1883, 1890, 1894, 1897, and 1909.

The articles in which we are interested and which are indispensable in the manufacture of high-grade perfumery are described in the Summary of Tariff Information 1929, on the tariff act of 1922, Schedule 1, compiled by the United States Tariff Commission, in which summary, import and other statistics are stated, and we refer to that summary, pages 304-307.

Ambergris.—Ambergris is an organic substance obtained from the sperm whale. In commercial use it is found as a gray, waxlike, or dark-colored viscous substance. It is used in perfumery as a fixative and is an excellent base because of its durability and its remarkable property of blending minute quantities of other expensive oils and perfumes.

Imports

	Pounds	Value		Pounds	Value
1919.....	497	\$1,637	1924.....	107	\$29,379
1920.....	1	129	1925.....	223	80,585
1921.....	69	13,392	1926.....	114	12,307
1922.....	10	2,692	1927.....	491	95,412
1923.....	38	4,794	1928.....	160	46,297

Castoreum.—Castoreum, or castor, is obtained from the beaver and is used principally as a fixative in perfumery. There are two commercial varieties of castoreum, the Canadian and the Russian.

Imports

	Ounces	Value		Ounces	Value
1919.....	39,306	\$11,779	1924.....	2,336	\$608
1920.....	7,720	2,491	1925.....	1,362	297
1921.....	14,620	3,872	1926.....	2,556	1,616
1922.....	14,982	2,045	1927.....	4,621	2,536
1923.....	8,903	1,206	1928.....	946	682

Civet.—Civet is an odorous substance obtained as a secretion from the civet cat. It is an unctuous semilliquid substance, yellowish in color, becoming brown on exposure to the air, and of an unpleasant and bitter taste. The concentrated material has a very objectionable odor, but when diluted the odor disappears and it becomes a valuable fixative for perfumery.

Imports

	Ounces	Value		Ounces	Value
1919.....	17,698	\$19,552	1924.....	10,776	\$23,525
1920.....	11,312	18,678	1925.....	11,652	26,505
1921.....	10,617	13,106	1926.....	12,079	25,030
1922.....	10,537	16,918	1927.....	11,223	22,148
1923.....	21,878	44,230	1928.....	9,565	22,650

Musk.—Musk is the secretion of a certain gland of the musk deer. In dried form it is used in the manufacture of perfumes and to a limited extent in medicine. Grained musk, which is one of the common forms in which this material enters commerce, consists of small irregular granules, with a peculiar, penetrating, powerful, and persistent odor. Musk is often marketed in its

original form, in what is known as a pod. China is the largest source of this material.

Imports

	Ounces	Value		Ounces	Value
Musk in grains:			Musk in grains or pods:		
1919.....	891	\$5,596	1922 (Sept. 22-Dec. 31)....	166	\$39,490
1920.....	1,465	7,332	1923.....	719	150,969
1921.....	4,115	51,230	1924.....	1,162	167,860
1922 (Jan. 1-Sept. 21).....	239	3,074	1925.....	575	203,048
Musk, crude, in natural pods:			1926.....	410	128,389
1919.....	10,780	156,110	1927.....	734	255,740
1920.....	13,502	242,041	1928.....	794	236,995
1921.....	2,543	28,865			
1922 (Jan. 1-Sept. 21).....	3,311	48,765			

Ambergris, castoreum or castor, civet, and musk were free of duty under the acts of 1883, 1890, 1894, 1897, and 1909. Castoreum or castor was free of duty under the act of 1913. Under the act of 1913, ambergris, musk, and civet were assessed with duty at 20 per cent. In the tariff act of 1922, the bill as it passed the House, H. R. 7456, provided for the free entry of ambergris, castoreum, civet, and musk, grained or in pods. The Senate bill, however, provided for a duty of 20 per cent on these materials, and the act as it finally passed, paragraph 61, assessed a duty of 20 per cent.

As these materials are not produced in the United States, duty can not be assessed thereon on the theory of protection. If assessed for revenue, it will be seen by reference to the total duty collected in 1927—\$75,167—that the amount is very small. This duty is a tax against the United States manufacturers of fine perfumery and is an added handicap in competing with important perfumery made in foreign countries, particularly in France.

It is submitted that where it is unnecessary to assess a duty in order to protect domestic producers, materials which are used in this country in the manufacture of articles that compete with imported finished articles, should be admitted free of duty.

It is, therefore, requested, that ambergris, castoreum or castor, civet, and musk, grained or in pods, be omitted from paragraph 61, of the dutiable schedule, and that they be restored to the free list.

The following paragraph is, therefore, suggested under the free list, Schedule 16, H. R. 2867:

"PAR. — Ambergris, castoreum or castor, civet, and musk, grained or in pods."

Respectfully,

JAMES W. BEVANS,

Representing, *Bourjols (Inc.), Coty (Inc.), Houbigant (Inc.),
Roger & Gallett, Leuther's (Inc.), New York City.*

VANILLIN

[Par. 61]

BRIEF OF THE MAYWOOD CHEMICAL WORKS, MAYWOOD, N. J.

The Hon. REED SMOOT,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: The manufacturers of vanillin submitted a brief to the Ways and Means Committee, which was printed on page 754 of Tariff Readjustment, 1929, volume 1, Schedule 1, Chemicals, oils, and paints. Developments since then prompt us to add our own urgent request as follows:

The Ways and Means Committee having failed to grant the relief sought, we are hoping that we may now have your much-needed assistance in correcting a grave injustice through error. Vanillin is a well-known coal-tar product. Duty has been assessed as a coal-tar product under paragraph 28 and on the American valuation. Attempts have been made (and especially of late) to import

under paragraph 61, in which the name "vanillin" is specifically mentioned, although erroneously classified. We request and urge that the name be stricken out of paragraph 61 and put where it belongs in paragraph 28. After much trouble, the American manufacturer has generally succeeded in having imports assessed under paragraph 28, but there is now developing a very insistent pressure from abroad to have appraisers shift vanillin to paragraph 61; and as it is specifically mentioned there, the burden is constantly upon us to hold it where it belongs, in the coal-tar class, paragraph 28, and definitely subject to American valuation.

As manufacturers of fine chemicals in this country, we were pioneers in manufacturing vanillin and have continuously produced it since 1895 in New Jersey.

For the reasons given in printed brief and the further facts stated above, we trust for the important industry involved we may secure at your hands the very seriously needed relief for which we petition.

Respectfully submitted.

MAYWOOD CHEMICAL WORKS,
By E. W. PRESTON,
Vice President and Treasurer.

ARTISTS' COLORS

[Par. 67]

STATEMENT OF CAREY W. HORD, SANDUSKY, OHIO, REPRESENTING THE ARTIST COLOR MANUFACTURERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. HORD. I am appearing here representing the artist color manufacturers of this country, or, at least, five of the major manufacturers. We are asking for a proposed amendment to the House bill.

Paragraph 67, we propose an amendment to read as follows:

PAR. 67. Paints, colors, and pigments, commonly known as artists', school, students', or children's paints or colors:

(1) When in tubes, jars, cakes, pans, or other forms, not exceeding $1\frac{1}{2}$ pounds net weight each, and valued at less than 20 cents per dozen pieces, $1\frac{1}{2}$ cents each per jar or tube; 1 cent each per cake, pan, or other forms; when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, in addition to the rates provided above, 20 per cent ad valorem on the value as assembled.

(2) When in tubes, jars, cakes, pans, or other forms, valued at 20 cents or more per dozen pieces, and not exceeding $1\frac{1}{2}$ pounds net weight each, 2 cents each per tube or jar and 40 per cent ad valorem; in cakes, pans, or other forms, $1\frac{1}{4}$ cents each and 40 per cent ad valorem; when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, 70 per cent ad valorem on the value as assembled.

(3) In bulk, or any form exceeding $1\frac{1}{2}$ pounds net weight each, 12 cents per ounce.

Provided, That the words "assembled" as "assembly" when used in this paragraph shall mean the identical form, container, and assortment of merchandise customarily and generally sold to the ultimate consumer or user. When imported in any other form, container, or assembly, the container and the contents shall pay duty as if imported separately.

Senator SMOOR. You want the existing law?

Mr. HORD. We are asking that the House bill be amended.

Senator SMOOR. By increasing the rate?

Mr. HORD. By increasing the rate, particularly under bracket (1), and modifying it under bracket (3), and we are also asking for a combination ad valorem rate in bracket (2).

Senator SMOOR. You may proceed.

Mr. HORD. This paragraph, as reported to the House in the House bill, was amended the day before the House started voting on the bill.

This industry has been seriously injured by foreign competition. Domestic manufacturers have been losing money on this department of the business. All that we are asking for is that a tariff be provided that will equalize cost of production abroad with cost of production in this country. Though the problem is very complex, probably one of the most difficult you have in this schedule, yet it is an important one.

The act of 1922 provided a 70 per cent duty when assembled in boxes, and 40 per cent when not assembled. Importers immediately arranged to ship merchandise unassembled here, and bringing boxes, colors, brushes, and so forth, in separately, thereby saving 30 per cent, and on some items more than that. An ad valorem duty is impracticable on merchandise such as comes in under bracket (1).

Senator SMOOR. Under paragraph 1 you still sell the little pans at less than 20 cents per dozen, don't you?

Mr. HORD. Our regular published price is 20 cents a dozen pans, and 18 cents a dozen cakes.

Senator SMOOR. You have 20 cents a dozen and 40 per cent ad valorem.

Mr. HORD. No; we only have 40 per cent ad valorem.

Senator SMOOR. That is what you have in the present law.

Mr. HORD. Yes; in practice, or apparently in theory, under the present law. We interpret that it was the intent of Congress in providing a 70 per cent duty on assembled sets to cover the merchandise that is regularly sold in sets, such as school colors and toys. That has been evaded by bringing in the colors in bulk and assembling them over here.

Senator REED. Why should there be a distinction between assembled and unassembled?

Mr. HORD. That was written into the law of 1922 apparently in the absence of a definition, being unable to define all of the different grades of colors that come in under that paragraph. There are artist colors, school and student colors, and toy colors, and one or two other intermediate grades in between.

Senator SMOOR. You may proceed with your statement.

Mr. HORD. The high standard of quality of student or school colors produced by American manufacturers approximately the quality of "real artists'" colors in every respect except permanency, and many are equal in this respect.

School colors have certain definite qualifications, such as smoothness, brilliancy of color, spending quickly and freely when the brush is applied, lifting power, that is to say, colors that can be washed off or lifted from the paper after they are applied without staining the paper so that the problem can be corrected if a mistake is made, and so forth. It must be possible to mix the primary colors to make good secondary colors and the modifying colors, black and brown. Any box of colors or refills that is accepted and used in the schools must be recognized as a competitive product.

We have no knowledge of any school board or any school department that are now using or have used foreign colors unless offered

at a price below that of domestic makes. If the contention of the importers of superior quality is correct, it would seem unnecessary to sell their merchandise below the American market.

In 1918 the Prang Co. and the American Crayon Co. effected a partnership for the manufacture of semimoist pans of colors in a factory at Sandusky, Ohio. This was the inception of the Prang semimoist school colors. The following year the World War shut off the importation of cakes of color and this factory in Sandusky, Ohio, then installed at considerable expense the necessary equipment to manufacture the Prang cakes of color in this country.

In 1918 the American Crayon Co. purchased the entire factory interest and the trade-mark name "Prang," as applied to water colors and all colors bearing this name. The Prang Co. continued to job school materials and continued to sell the Prang colors made by the American Crayon Co. until the year 1922. The Prang semimoist colors were originally created and developed in the laboratories of the factory at Sandusky, Ohio, above referred to.

In 1922, the Prang Co. finding that they could purchase abroad at a much lower price, started the importation and sale of a line of foreign colors, which we have understood came from Holland, under the trade-mark name "Prismex."

Senator SMOOT. Were you the concern that made the bid referred to here by one of the witnesses?

Mr. HORD. Our firm did; yes, sir; and foreign colors on that same bid were quoted at a lower price than we bid.

Senator SMOOT. Did you get the contract?

Mr. HORD. I do not know.

Senator SMOOT. It has not been awarded as yet?

Mr. HORD. I do not know that detail.

Senator REED. What do you propose?

Mr. HORD. We are asking for this amendment I have presented here. It is quite a complex thing.

Senator REED. Have you several copies of it?

Mr. HORD. Yes, sir; here they are.

Senator BARKLEY. Do you offer this as a substitute?

Mr. HORD. This is as near the wording as possible to the House bill. We like the idea of breaking it up into brackets. Mr. Chairman, is it possible for me to have another minute or two? I want to show you an exhibit or two.

Senator SMOOT. Your time is up.

Senator EDGE. I want to ask a question.

Senator SMOOT. Certainly.

Senator EDGE. What is the net difference in your proposal as compared with the existing schedule?

Mr. HORD. In which bracket, may I ask?

Senator EDGE. In each of the brackets, if there is any difference in each of them.

Mr. HORD. In bracket (1) we are asking for a specific duty on pans and cakes, jars and tubes, instead of an ad valorem duty. And when they are assembled in sets, we are asking for a small additional ad valorem to cover the boxes and brushes and other things.

Senator EDGE. You are asking for a $1\frac{1}{8}$ -cent specific duty and 20 per cent ad valorem duty, whereas at the present time you are getting 40 per cent ad valorem.

Mr. HORD. On pans and cakes we are asking for 1 cent. The $1\frac{1}{8}$ cents is on tubes and jars. On bracket (2) we are asking for it, practically the same, I mean, as it passed the House.

Senator EDGE. Is that an increase, as it passed the House?

Mr. HORD. Yes, sir; there is a specific duty of 2 cents per tube and $1\frac{1}{4}$ cents duty on pans and cakes over the 1922 act.

Senator SMOOT. What about the schools?

Mr. HORD. Practically all the school colors come in by cake or pan, and we are asking 1 cent on these pans and cakes. They can be bought abroad at from 3 to 4 cents a dozen as compared with our cost of 15.2 cents a dozen in this country.

Senator SMOOT. But you are selling at less than they are selling.

Mr. HORD. Yes, sir; we have had to cut our regular published jobbers' price only in a few instances. On some bids we sold at less than the minimum wholesale price.

Senator SMOOT. You sold at less than cost?

Mr. HORD. Yes, sir; we have had to do it or abandon the field. And if I might have a minute more I could tell you why.

Senator REED. Under section 2 of the House paragraph:

Not assembled in point sets, kits, or color outfits, valued at 20 cents or more per dozen pieces, in tubes or jars 2 cents each and 40 per cent ad valorem.

Then the specific duty on that would be 24 cents, and the ad valorem would be 10 cents more, or a total of 34 cents duty on a 25-cent set; is that right?

Mr. HORD. Not as I understand it or interpret it.

Senator SMOOT. How would you figure it out?

Mr. HORD. That phraseology is practically the same as it passed the House in that bracket; 70 per cent only applies to workable sets.

Senator REED. As I understand it, a dozen pieces unassembled, valued at 25 cents, and the tax is 2 cents each, which is 24 cents, and then 10 cents added is 34 cents on 25 cents worth of colors.

Mr. HORD. It would be my understanding, if that is valued at 25 cents, that at the appraiser's store at New York he would automatically throw that into bracket (1), that colors would be less than 20 cents a dozen.

Senator SMOOT. That would be the foreign value.

Mr. HORD. Yes, sir.

Senator SMOOT. Your time is up.

Mr. HORD. May I file this brief and my exhibits?

Senator SMOOT. Yes.

Mr. HORD. I hand over the brief to the reporter.

May I show you one exhibit? Here is the kind of competition we are up against. Here is our box, and it is very important that you know the name, if you will just look at it there, and then look at the other box.

Senator SMOOT. Very well. That is all.

Mr. HORD. I thank you.

(Mr. Hord submitted the following brief:)

BRIEF OF THE AMERICAN CRAYON Co., SANDUSKY, OHIO

DEFINITION

In paragraph 67, paints, colors, and pigments are technically known as "artists' colors." A long list of Treasury decisions has definitely classified as "artists' colors" all grades of colors whether used by professional artists, students, or packed in toy sets for children.

PROBLEM

This classification presents a very complex problem, as it covers a variety of merchandise with a wide value range, in the unassembled form, foreign costs range from a small fraction of a cent per unit to as high as \$6 per unit, and in the assembled form there are small quantities sold at prices as high as \$15 per unit or more.

AD VALOREM IMPRACTICAL

A very high duty on an ad valorem basis on the cheapest values means little or no protection, while the same duty if applied to the more expensive merchandise may provide ample protection.

ASSEMBLING

The speaker appeared before the Committee on Ways and Means and pointed out that when the act of 1922 was written, no way could be found to define the different grades of colors coming under this classification and different rates of duty were provided on the "assembled" and "not assembled" forms. These rates were based on the theory that practically all professional artists' colors were sold separately by the tube, jar, cake, or pan, while all other grades including the school and toy sets were sold "assembled" in outfits. What happened? The importers immediately shipped the colors, boxes, brushes, etc., separately and assembled the school and toy outfits over here, and thus were able to legally defeat the apparent intent of Congress.

By this practice of assembling in this country the importers saved 30 per cent or more on the duty, and the prices they are able to quote have developed a situation under which the American manufacturers can not survive.

It is axiomatic in tariff legislation that protective duties are effected by a specific duty on low-valued articles and an additional ad valorem duty on the high-valued article. The House bill recognized this principle as to the second bracket but utterly ignored it as to the first bracket.

PROPOSAL

We, therefore, propose an amendment to this paragraph which will provide a specific duty on that class of colors designated in bracket (1) of the House bill, that will equalize the cost of production abroad with the cost of producing a comparable article in this country.

Paragraph 67 of the act of 1922 reads as follows:

"PAR. 67. Paints, colors, and pigments commonly known as artists' paints or colors, whether in tubes, cakes, jars, pans, or other forms, and not assembled in paint sets, kits, or color outfits, 40 per centum ad valorem; paints, colors, and pigments in tubes, cakes, jars, pans, or other forms, when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawing, stencils, or other articles, 70 per centum ad valorem."

Paragraph 67 of the House act of 1929 reads as follows:

"PAR. 67. Paints, colors, and pigments, commonly known as artists', school, students', or children's paints or colors:

"(1) Not assembled in paint sets, kits, or color outfits, in tubes, jars, cakes, pans, or other forms not exceeding one and one-half pounds net weight, valued at less than 20 cents per dozen pieces, 40 per centum ad valorem;

"(2) not assembled in paint sets, kits, or color outfits, valued at 20 cents or more per dozen pieces, in tubes, or jars, 2 cents each and 40 per centum ad

valorem; in cakes, pans, or other forms not exceeding one and one-half pounds net weight, 1¼ cents each and 40 per centum ad valorem;

"(3) in bulk or any form exceeding one and one-half pounds net weight, 40 per centum ad valorem;

"(4) in tubes, cakes, jars, pans, or other forms, when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, 70 per centum ad valorem."

Paragraph 67, we propose an amendment to read as follows:

"PAR. 67. Paints, colors, and pigments, commonly known as artists', school, students', or children's paints or colors:

"(1) When in tubes, jars, cakes, pans, or other forms, not exceeding one and one-half pounds net weight each, and valued at less than 20 cents per dozen pieces, 1¼ cents each per jar or tube; 1 cent each per cake, pan, or other forms when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, in addition to the rates provided above, 20 per centum ad valorem on the value as assembled.

"(2) When in tubes, jars, cakes, pans, or other forms, valued at 20 cents or more per dozen pieces, and not exceeding one and one-half pounds net weight each, 2 cents each per tube or jar and 40 per centum ad valorem; in cakes, pans, or other forms, 1¼ cents each and 40 per centum ad valorem; when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, 70 per centum ad valorem on the value as assembled.

"(3) In bulk, or any form exceeding one and one-half pounds net weight each, 12 cents per ounce.

"Provided, That the words 'assembled' or 'assembly' when used in this paragraph shall mean the identical form, container, and assortment of merchandise customarily and generally sold to the ultimate consumer or user. When imported in any other form, container, or assembly, the container and the contents shall pay duty as if imported separately."

LIMITED REVISION

In keeping with the spirit of the publicly expressed desire of the administration for a limited tariff revision, the domestic manufacturers recommended that a compound duty be written into the act of 1922, making as little change as possible in the phraseology. The House bill, as reported by the committee, follows: this recommendation and provided rates ~~was~~ seemed like a fair compromise of the conflicting interests involved. However, the day before the House started to vote on this bill an amendment was submitted by the subcommittee and accepted by the Committee on Ways and Means which completely revised this paragraph, breaking it up into four brackets. This last moment change afforded no opportunity for those who had studied the question from the standpoint of protecting American industry and labor to point out the disastrous effect which would result from such change. We have no doubt if such opportunity had been granted that neither the House committee nor the House would have permitted this language to be written into the bill. We believe the reconstruction of this paragraph to be a valuable contribution if it is modified to make its present duty and provided rates that will give proper protection. An ad valorem duty of 40 per centum absolutely fails to provide protection on the cheaper grades of colors.

PROPOSED AMENDMENT

Our proposed amendment follows, in so far as possible, the form and phraseology of the House bill, incorporating only such changes as are necessary for an equitable solution.

In bracket (1) we have proposed the substitution of a specific duty in place of the ad valorem duty on the unassembled merchandise and a compound duty on the assembled, lowering the rate of the ad valorem. The first bracket deals with low-priced merchandise. The reason for the proposed change has already been pointed out.

We are asking for no change in rates on bracket (2), but, as a matter of simplification, are proposing to combine bracket (2) and that portion of bracket (4) which applies to "real artists' boxes or outfits.

BEST AVAILABLE COPY

In bracket (8) we have asked for a specific duty instead of an ad valorem. Importations under this bracket would, of course, be of the cheaper grades of colors. Attached data, marked "Exhibit 1," classifies the different grades of colors and translates them into ounce value, based on their minimum domestic wholesale prices.

Practically all of the merchandise, such as we have referred to as being assembled in this country, is now coming in at a value of less than 20 cents per dozen pieces under bracket (1). This includes the students' colors, such as used in schools, and some of the toy colors.

FOREIGN COMPETITION

Statistics received from the Department of Commerce show that in 1924 the amount imported "not assembled" was 126,517 pounds, valued at \$142,590. In 1928, 273,408 pounds, valued at \$235,704. It will be seen that the weight has increased about 116 per cent in five years and the monetary value increased about 65 per cent. This may be partly due to unfair valuations reported for importation purposes. The large increase in importations indicates to a degree the extent to which our domestic manufacturers are suffering from this foreign competition and the seriousness of the situation.

PIRACY

We are filing with the committee a box, marked "Exhibit (1)," designed in all its detail in one of the American factories to meet the needs of our particular educational program. The market for this box was created at a great expense in advertising and sales effort. No similar box had ever been made abroad. To the best of our knowledge, seamless metal pans of this type for semimoist colors have never been used abroad. This box is a product of American ingenuity to produce a box of fine student colors at a popular price. It has been copied in every detail by the foreign manufacturers; and we also file a box, marked "Exhibit (2)," which you will see is made in Germany. It speaks for itself of the extent to which the foreign manufacturers have gone in their attempt to pirate this market. Placed side by side on the counter, one would certainly have to look closely if he wanted to be sure of getting Prang water colors made by the American Crayon Co. This is not all. We will also file, marked "Exhibit (3)," a number of other samples designed for the same purpose.

PRODUCTION AND IMPORTATION

Gentlemen, I will now confine my remarks to the student colors, such as used in schools, which is the most important class now being assembled in this country. The total annual production of the half pans of semimoist colors and of the dry cakes, such as you see in these samples, is \$260,000 based upon the manufacturers' cost, the only computation that is comparable to the importation costs.

The importations "not assembled" in 1928, according to Department of Commerce, were \$235,700. Since all colors under the old tariff are classified as "artists' colors," it is impossible to separate the importations showing the amount of the various grades. We have, however, surveyed the market to the best of our ability, and it is our judgment that about \$150,000 of the total \$235,000 imported represents "real artists' colors." There are practically no children's or toy colors being imported. The difference between this amount and the \$235,000 total importations must cover those colors included in bracket (1) and in amount would be about \$85,000. In other words, the importers have about 33 per cent of our home market for student colors.

FOREIGN COSTS

We have no way of knowing exactly what the importers are paying for their unassembled colors, but we are prepared to submit some very definite and concrete evidence.

A statement made by an importer of Holland-made colors in a brief filed with the House committee indicates that his cost is about one-half that of the American manufacturers. Quotations recently received from two prominent

manufacturers in Germany indicate their cost is about one-quarter that of the American-made colors, or, in other words, they can be laid down here under the present ad valorem duty for about one-third our cost.

The cost of Holland colors, according to importer's brief, is from 0.096 to 0.132 per dozen laid down in New York. Deducting from their figures the duty and transportation charges, the cost abroad would be from 0.0635 to 0.0672 per dozen. Half pans of comparable student quality are quoted by German manufacturers at 0.0396 per dozen, and cakes at 0.0264 per dozen f. o. b. factory, Germany. Confirmation of these quotations will be filed with the committee.

PRINCIPAL FACTOR IN COST

The principal item in manufacturing expense of these colors is labor, much of which is of the high class skilled and professional type. It is necessary for chemists to analyze and test the raw materials, supervise, check, and control the manufacture of these colors, and to test each color. Starting with the raw colors, pigments, or coal tar, from which dyes are made, the raw material costs are comparatively small, but there is an immense amount of labor involved in converting them into satisfactory colors.

FOREIGN-LABOR COST

Recent figures taken from the May 27 issue of Commerce Reports on the present cost of labor in Germany, show that skilled workers receive an average wage of \$9.64 per week and that unskilled women workers receive \$6.52 per week.

DOMESTIC-LABOR COST

In the manufacture of this product here the only unskilled labor employed is in assembling. Girls employed in this work are paid on the piecework basis and average about \$25 per week, some make as high as \$29 per week. Skilled male workers in competitive factories abroad are receiving \$12.46 per week, while skilled labor in the American factories in this industry are receiving \$25.00. We have no figures comparing highly skilled labor or professional services, such as graduate chemists, but they are approximately six times higher here than they are abroad.

DOMESTIC COST

A group of the domestic manufacturers of these colors represent 95 per cent of the home industry produce their colors from their own plants and outside agencies. The production and average the cost of these colors is 15.2 cents per dozen. This cost is 15.2 cents per dozen for cake and pans. The cost of this group last year, the manufacturing cost was 247.

Thus it is apparent that the cost of these colors must have a significant duty of at least 1 cent per pound. The cost of these colors at home and abroad.

METHOD OF PRODUCTION

With the exception of a few colors, these colors are produced and distributed through jobbers and dealers through the regular channels of trade. Over 80 per cent of the distribution is through these channels. Less than 10 per cent is bought by the schools and free students. These materials.

Those who appear on the other side of this question cite instances of where the American manufacturers have been able to sell cakes of color at very low prices. Yet, in the past, when foreign competition has been consistently encountered, it has been necessary to take some of this business and to cross or abandon the field. This has been done expecting relief from Congress.



CREATION OF CONSUMER DEMAND

If a board of education purchases a particular make of color, immediately a local market is created for it. This recognition virtually constitutes an adoption and the dealers all stock this color. Furthermore, every city has a metropolitan area of influence of 50 to 100 miles around it. The teachers from the smaller cities and towns visit the schools in the larger cities at least once a year to get ideas or suggestions. If they find a box of foreign colors they think it must be better or the larger cities would not be using it, and they immediately carry it home and ask their local dealers for a similar box. Thus you will see the importers can well afford to make and do make low prices on a city bid, expecting to make their profit on the other business that will come to them at higher prices from jobbers and dealers supplying the surrounding territory.

The amount of student colors purchased by many cities is inconsequential. For example: Buffalo, N. Y., purchased \$336, Detroit, Mich., less than \$1,400, Pittsburgh and Chicago less than \$1,000, etc., last year.

FALLACIOUS APPEAL

A considerable part of the colors enumerated in bracket (1) are used in schools. The importers, realizing they could not very well make an appeal to Congress from their own standpoint, have undertaken to make an appeal from the standpoint of the consumers—the students. They say they can supply them colors more cheaply than the American producers. They could and might, temporarily, until the American producers were driven out, and then the price would go up to the point just below American costs, so that the difference in savings would be unnoticeable.

This fallacious appeal has always been made, but the Congress has refused to foreignize our American schools. By reason of a protective tariff our schools are using American-made laboratory supplies, scientific instruments, paper, pencils, crayons, pens, furniture, and other school supplies.

American colors are recognized as being of superior quality. With keen competition in the industry prices are kept down to the lowest level consistent with domestic costs of production.

Every incentive of home pride and loyalty impels the conclusion that American-made school colors should have at least an equal chance with foreign-made school colors.

FOREIGN EMBARGOES

Canadian governmental influence and provincial regulations have effectually established British-made school colors in the Canadian market and displaced American school colors that had been successfully introduced there at great expense.

By royal decree, by preferential tariff, or by other means, the school supplies purchased by the British Empire, by Italy, by Germany, by Norway, and other European countries, are almost entirely limited to the product of their own nationals. (See Exhibit No. 4, attached.) We do not complain of that, but our own spirit of loyalty should at least give a fair chance of keeping American colors in American schools.

SUMMARY

In concluding this brief we assert:

That the protection intended by the act of 1922 has been thwarted by the importers in bringing over unassembled merchandise and assembling here so as to defeat the protective feature of the act.

That these same importers by securing a last-minute change in the House bill ostensibly to benefit the schools but in reality to benefit themselves, have thwarted the protection intended by this revision.

That the alarming displacement of American-made goods by the greatly increased volume of foreign cheap-labor products shows that the home industry will be crushed unless a tariff really equalizing costs of production can be secured.

That the principle of a small specific duty first carried in the House bill and now urged here, is the only possible way to give protection to this small-value merchandise.

That the competing domestic factories assure continued reasonable costs to the consumers.

We most earnestly submit that we have shown our cause to be a just one.

Respectfully,

THE AMERICAN CRAYON Co.,
By C. W. HORD, *Second Vice President.*

(Factories: Sandusky, Ohio, and St. Louis, Mo.)

Also representing the following factories: DeVoe & Reynolds (Inc.), factories: New York, N. Y., Newark, N. J., Chicago, Ill., Louisville, Ky., and Boston Mass. The Milton Bradley Co., factory: Springfield, Mass. Binney & Smith Co., factories: New York, N. Y., and Easton, Pa. The Kroma Color Co., factory: Sandusky, Ohio.

ADDENDA

General information—misleading tariff data.—In the "Summary of Tariff Information, 1929, Schedule 1," under paragraph 67, which applies only to "artists' colors," there is a statement that the total artists' material business amounts to \$8,320,776. This should not be confused with "artists' colors," as "artists' colors" comprise only a very small portion of the artists' material business.

Upon investigation we find this figure is taken from the "Census of Manufacturers' for 1925, published by the Bureau of the Census," and in this report and under this heading is this notation, which reads as follows:

"Value of artists' materials \$8,320,776. Principal products wax, chalk, and clay crayons; oil paints and water colors, ceramic paints, size, drawing ink; artists' canvas, drawing board, and palette; air brushes, sprayers, and other accessories."

Standardized quality and style of packing.—The 4-color and the 8-color student boxes, such as used in schools, have thoroughly recognized standards in quality and values, through school acceptance. About 85 per cent of the volume of school colors is sold in assembled boxes and about 15 per cent is sold separately as cakes or pans as refills.

EXHIBIT 1

The following tabulation is given to translate the present minimum wholesale prices into prices per ounce on different types of "artists' colors":

Student or academic-school colors average at the minimum wholesale price \$0.146 per ounce.

Real artists' prepared oil colors and water colors manufactured by F. Weber & Co., Philadelphia, average, per ounce, computed on the same basis, as follows:

	Per ounce
Oil color in tube ½ by 4 inches, class A.....	\$0.118
(This is the only class made in this size.)	
Oil color in tube ½ by 2¼ inches:	
Class B.....	.225
Class F.....	.323
Class G.....	.376
Class H.....	.54
Class I.....	.45
Class K.....	.851

Real artists' prepared water colors, manufactured by F. Weber & Co., Philadelphia, Pa.:

Type 1/2 by 2 1/4 inches:

Class A.....	\$0.416
Class B.....	.576
Class C.....	.864
Class D.....	1.36

Half-pan water color:

Class A.....	.432
Class B.....	.603
Class C.....	1.01
Class D.....	1.44

Thus it will be seen that the specific duty of 12 cents an ounce is a very modest duty on materials with this price range. In order to protect the cheaper classes of colors, which are so very cheap abroad, we think it is essential to have a specific duty rather than an ad valorem.

VIRTUAL EMBARGO—EXHIBIT 4

We quote, in part, from letters received through the Department of Commerce, most of which have been received within the past few weeks, showing the tendency in the principal European countries to adopt some policy that would effectively embargo the importation of any student or school colors from the United States. The letters were in response to inquiries referring to school supplies, including school colors:

BERLIN, GERMANY.

There is a certain tacit understanding among official offices and institutions to favor as much as possible domestic goods if they compare favorably in quality and price with foreign goods. This is natural, in view of the large number of unemployed, and is practiced by most governments.

F. W. ALLPORT, *Commercial Attaché.*

PARIS, FRANCE.

I regret to inform you that from talks with dealers it appears impossible to introduce American drawing and painting supplies into this market. A representative of an American pencil company attempted some years ago the importation of crayons and water colors, but had to abandon the trade when the French tariff was raised.

DAMON C. WOODS, *American Consul.*

COPENHAGEN, DENMARK.

Owing to the very active propaganda and continued pressure from various Danish industrial propaganda organizations for the purchase of Danish goods, there is no question but that practically all the various municipal authorities have the understanding that Danish goods are to be given preference wherever possible. Likewise, the Danish State Government has unquestionably a verbal understanding to the effect that Danish goods are to be preferred.

H. SORENSON,
American Commercial Attaché.

SYDNEY, AUSTRALIA.

In New South Wales there is no Government regulation on this subject, but a very definite Government policy exists. The policy is to give preference wherever possible to articles of Australian manufacture. The bid of an Australian manufacturer will be accepted in preference to that of a foreign competitor even though the Australian price is 10 per cent higher. For example, chalk for use in the schools of New South Wales was at one time purchased in the United States, but it is now obtained exclusively from Victoria, although the price of the domestic chalk is slightly higher than that of the American. In exceptional cases the Government pays as much as 15 or 20 per cent more for articles of Australian manufacture, if by so doing they appear to foster a domestic industry.

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Ranking next in favor to domestically manufactured supplies are those of British manufacture. Other things being equal, a British bid will receive preference over a European or an American quotation. Most articles which fall under the category of school supplies have to bear an import duty of 35 per cent from "foreign" countries, but if of British manufacture the duty is only 25 per cent.

LEWIS R. MILLER,
Assistant Trade Commissioner.

BRISTOL, ENGLAND.

Contracts are let by the month for the required amounts, and it is believed that goods of British manufacture are used throughout. There is a strong movement for the use of British goods wherever possible, and where the taxpayers' money is involved, as in the public schools, it would be difficult to introduce articles of foreign manufacture in competition with domestic.

S. REID THOMPSON, *American Consul.*

NEWCASTLE, AUSTRALIA.

The fact that the market for American chalks and crayons is better than that for American water colors is probably due to the duty, as water colors of British manufacture are duty free, whereas others are dutiable at 15 per cent ad valorem under tariff item No. 347.

R. L. RANKIN, *American Consul.*

GEORGETOWN, BRITISH GUIANA.

The import duty on school supplies is 20 per cent ad valorem under the British preferential tariff and 40 per cent under the general tariff, which applies to goods of American manufacture.

GILSON C. BLAKE, JR., *American Consul.*

BOMBAY, INDIA.

It is but natural that by far the most of the supplies are purchased from England, since the regulations of the Indian stores department in general prescribe that goods not manufactured in India should be obtained by indent on the stores department, London.

CURTIS T. EVERETT,
American Vice Consul in Charge.

ROME, ITALY.

In answer to your letter of February 23, requesting the extent of governmental regulations or definite Government policy which might tend to compel purchase of domestic supplies for schools, such as textbooks, crayons, pencils, paints, laboratory equipment, etc., I beg to cite you royal decree of January 7, 1926, No. 216, which appeared in Gazzetta Ufficiale of February 15, 1927, No. 37. This law is one which has for its scope the giving of preference to products of national manufacture when such commodities are to be bought by any department of the State or any semi-State institution.

D. F. SPENCER, *Assistant Trade Commissioner.*
A. A. OSBORNE, *Acting Commercial Attaché.*

Thus it will be seen that the American manufacturers are virtually embargoed against doing business in any of these countries, and this condition is general throughout Europe and the British colonies. A heavy preferential tariff is maintained in favor of Great Britain by all of her colonies. For example, American-made school colors pay 50 per cent higher duty in Canada and British Guiana than British-made school colors.

With lower material costs and cheaper labor abroad, and with these various types of effective embargoes, how can we possibly compete in any of these foreign markets? If we can not sell abroad and can not compete at home, what is to become of this industry? Will we permit this foreign industry, which is protected by embargoes at home, to be in a position to dump its surplus production over here?

STATEMENT OF CLAYTON A. JONES, REPRESENTING TALENS & SONS, IRVINGTON, N. J.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You appear on artists' colors?

Mr. JONES. Yes, sir; artist, school, and private colors.

Senator SMOOT. You may proceed.

Mr. JONES. Domestic manufacturers are asking for an increase of 3 cents a pan or tube for school water colors, and 5 cents a tube on all colors. What it will mean is a real embargo on school water colors; it would mean an increase of 300 per cent and they want to shut us out entirely.

Here are the figures of what we imported in 1928, 1,237,748 one-half pans. We estimate the domestic production of 1928 at 50,000,000 to 60,000,000 pans. This refers to school water colors. The imported cost price was 9 cents per dozen, and the estimated domestic cost price was 5 cents per dozen. The imported lowest selling price is 15 cents per dozen, and the domestic lowest selling price is 8 cents per dozen. There are a good many instances of that. That is on the half pound.

Senator SMOOT. If that is the case, how do any importations at all come in?

Mr. JONES. How do we compete with them?

Senator SMOOT. Yes.

Mr. JONES. Only by reason of the fact that our colors are much superior in grade to theirs.

Senator BARKLEY. What are you referring to?

Mr. JONES. To school water colors.

Senator SMOOT. You may go ahead.

Mr. JONES. In cakes we imported, in 1928, 141,600 cakes. They cost us 62 cents per dozen, and our lowest selling price is \$1 a dozen. Milton Bradley bid, in 1928, 52 cents a hundred, which is 10 cents below our cost price.

Now I will take up students' water colors. We imported, in the year 1928, 3,248 dozen, and our cost per dozen was 72 cents, while our lowest selling price was \$1. The domestic price was 90 cents a dozen, and the lowest price at which they sold was 43 cents a dozen. It can freely be had at 58 cents per dozen from Philip Ruxton & Co., of New York City.

These colors I am talking about are not used in the public schools. They are used in the high schools and normal schools. Our student water colors are not used in the public schools; they are used in normal schools and high schools, and so on. The domestic student grades are not used in the art institutes, so why should these students have to pay more when they need every cent they have?

In reference to artist water colors and oil colors, I do not think it is necessary to go into the artist oil and water colors. There is not one artist color being imported that is not selling far above the price of any domestic colors. The artist in this country will go on using the imported artist colors no matter what the price may be, but why should they pay more for these colors when they need every cent they have?

We suggest that the duty be left at 40 per cent ad valorem.

Senator SMOOT. Are you satisfied with the tariff act of 1922, with 70 per cent ad valorem?

Mr. JONES. You mean on the combination?

Senator SMOOT. Yes.

Mr. JONES. What we have been doing is importing, you understand.

Senator SMOOT. Forty per cent on the colors themselves; is that it?

Mr. JONES. Yes, sir.

Senator SMOOT. What do you want? Do you want the old law or the law as it is here?

Mr. JONES. As it has been—40 per cent—is all right. We do not import our school water colors in boxes. We can buy boxes over here much more reasonably. They can not compete on the other side with the American manufacturer of boxes.

Senator SMOOT. All right; your time is up.

Mr. JONES. I should like to put this letter in.

Senator SMOOT. All right.

Mr. JONES. It is addressed to the committee.

(The letter referred to is as follows:)

TALENS & SON (INC.),
Irvington, N. J., June 12, 1929.

Re: Proposed increase in duty on artist colors—paragraph 67.

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.

GENTLEMEN: If we understand the principle of a protective tariff, it is imposed because domestic industry can not compete in price with foreign ones.

In our case the domestic manufacturers have not shown in one instance where they have lost business on account of lower prices of imported merchandise. If artists have turned from a domestic to an imported color, it was simply through a desire for a better quality, as in not one instance are imported colors sold below the price of the domestic ones.

To the best of our knowledge, the domestic manufacturers have not submitted their cost prices to the tariff committee; neither have they been willing to reveal the actual amount of their sales, so that a comparison could be made between importations and domestic production.

Their statements have not been backed up by figures; they simply have made the vague statement that they have been working at a loss.

On the surface the increase they ask for may not seem much, but if their demands are granted it will mean an additional tax on art education of several million dollars, because it is only to be expected that the domestic price will at least be increased with the added protection.

We respectfully refer to our brief submitted to the Committee on Ways and Means, House of Representatives.

Respectfully yours,

TALENS & SONS (INC.),
WM. M. BOSMAN, Secretary.

Mr. JONES. I also have some exhibits here with samples that might be of some benefit to you.

Senator SMOOT. All right. You may leave them with the clerk of the committee.

BRIEF OF F. WEBER CO. (INC.), PHILADELPHIA, PA.

JUNE 10, 1929.

THE FINANCE COMMITTEE,
United States Senate,
Washington, D. C.

SIBS: Paragraph 67 of H R. 2667, as passed by the House, reads as follows:

"PAR. 67. Paints, colors, and pigments, commonly known as artists', school, students', or children's paints or colors:

"(1) Not assembled in paint sets, kits, or color outfits, in tubes, jars, cakes, pans, other forms not exceeding one and one-half pounds net weight, valued at less than 20 cents per dozen pieces, 40 per centum ad valorem;

"(2) Not assembled in paint sets, kits, or color outfits, valued at 20 cents or more per dozen pieces, in tubes or jars, 2 cents each and 40 per centum ad valorem; in cakes, pans, or other forms not exceeding one and one-half pounds net weight, 1¼ cents each and 40 per centum ad valorem;

"(3) In bulk or any form exceeding one and one-half pounds net weight, 40 per centum ad valorem;

"(4) In tubes, cakes, jars, pans, or other forms, when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawing, stencils, or other articles, 70 per centum ad valorem."

RECOMMENDATIONS

This brief recommends this paragraph be rewritten to read as follows:

"PAR. 67. Paints, colors, and pigments, commonly known as artists', school, students', or children's paints or colors:

"(1) When in tubes, jars, cakes, pans, or other forms, not exceeding one and one-half pounds net weight each, and valued at less than 20 cents per dozen pieces, 1½ cents each per jar or tube; 1 cent each, per cake, pan or other forms; when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, in addition to the rates provided above, 20 per centum ad valorem on the value as assembled.

"(2) When in tubes, jars, cakes, pans, or other forms, valued at 20 cents or more per dozen pieces, and not exceeding one and one-half pounds net weight each, 2 cents each per tube or jar and 40 per centum ad valorem; in cakes, pans, or other forms, 1¼ cents each and 40 per centum ad valorem; when assembled in paint sets, kits, or color outfits, with or without brushes, water pans, outline drawings, stencils, or other articles, 70 per centum ad valorem on the value as assembled.

"(3) In bulk, or any form exceeding one and one-half pounds net weight each, 12 cents per ounce: *Provided*, That the words 'assembled' or 'assembly' when used in this paragraph shall mean the identical form, container, and assortment of merchandise customarily and generally sold to the ultimate consumer or user. When imported in any other form, container, or assembly, the container and the contents shall pay duty as if imported separately."

PREVIOUS BRIEF

In connection with this brief there is submitted as exhibit copy of our brief of February 27, 1929, to the Ways and Means Committee. In this brief we clearly state our reasons for asking for increase in the tariff. We asked for higher rates of specific duty than were granted us, but, while we do not consider them, as granted, sufficient protection, we are willing to accept them as they are. They do give us an increased protection, so vitally important and necessary, and it is quite possible that we can manage to hold our own with them.

Without any increased duty, we can foresee nothing but disaster, so far as our own factory is concerned. There are colors coming over from Europe, good enough for artists' purposes, which are being sold for as low as 60 cents per dozen, whereas our general price to the trade for colors of equal kind and quality is \$1.08 per dozen. This statement relates to tubes, of artists' quality, in what is known as our "Class A singles." We have no means of knowing what the price, invoiced abroad to the importer, here is, but we judge it must be in the neighborhood of 45 cents. The 2 cents per tube protection granted

by the House in addition to the 40 per cent ad valorem, brings about an equalization, so that we should be better able to compete against foreign competition. We do not ask an embargo nor wish to imply one. We ask only for an equalization so that we may overcome the advantage which the Europeans have to-day.

It might be interesting to note that, while immediately after the war, importations of foreign colors were not made in great quantity, these importations seem to be steadily on the increase and represent, in so far as fine artists' colors are concerned, a substantial percentage of the total consumption.

We have filed with the Tariff Commission information relating to production and costs of some classes of artists' colors, which, we understand, are available to the honorable members of your committee in connection with your consideration and deliberation of this paragraph.

We are manufacturers of many years' standing manufacturing fine artists' colors for more than 50 years.

Bracket 2 of the proposed amendment to paragraph 67, Schedule 1, H. R. 2667, relates specifically to our factory.

Bracket 3 we are interested in because, with a higher protection on the finished product, it is quite likely that an attempt may be made to bring the colors in in finished or semifinished condition in bulk for tubing and packing in this country. We can meet the importers on our own ground, but have reason to believe that colors can be manufactured in bulk abroad, particularly in France, Belgium, Italy, and Germany, for very much less than they can in the United States. Labor costs are very much lower; for the greater part, the better grade of pigments, dyestuffs, and vehicles are produced there and can, therefore, be procured by the factories at costs not including high duties. In the purchase of the raw materials, notably pigments, dry colors, and dyestuffs, we always prefer to buy home production; i. e., such colors of the proper quality and characteristics suitable for the purpose, as are produced here. It is, however, necessary to import quite a number of dry colors and some dyestuffs, and these, as the honorable members of the committee know, come in under high duties, increasing the cost of producing prepared colors here. It is to even up this difference that we ask for a specific duty of 12 cents per ounce on artists' school, or toy colors.

To the best of our knowledge, such color, in bulk, is not imported into this country to-day, and we have, therefore, no actual figures to give or comparisons to make.

Reference bracket 1, proposed amendment to paragraph 67, as appearing above in this brief. This bracket relates to colors, commonly called "School, students', or toy colors." Heretofore colors of the nature under discussion came in classified only as "artists' colors." It always was and still is very hard to define exactly what is an "artists' color." School colors and even toy colors, used by children, can honestly be termed "artists' colors." The Committee on Ways and Means very wisely drew an arbitrary line and distinguished between colors for artists, such as manufactured by ourselves, and colors for school, students', and children's use, valued at less than 20 cents per dozen pieces.

To our way of thinking the line could have been drawn even lower down at, say, less than 12 cents per dozen pieces.

It is conceivable that in some parts of the world, with great currency inflation, there could actually be produced so-called "artists' colors" to compete with our own product at lower than the 45 cent per dozen basis mentioned above, and at a figure in the neighborhood of 20 cents or less per dozen pieces. However, we consider that this class of colors for school use is entitled to a better protection than the 40 per cent granted by the House, and which rate of duty represents no change from that in the present tariff law.

F. Weber Co. are not large factors in the school and toy color field. This is not by any reason of lack of ability or equipment, nor of desire and inclination. This class of colors has always come in from Europe at such low prices that it has been utterly impossible to compete. There are great quantities of water colors used in the public schools of the United States in the form of small cakes. We can lay down to-day cakes of these colors in New York or Philadelphia, duty and expenses paid, for from 36 cents per hundred to 70 cents per hundred cakes. Ourselves we attempted to manufacture these cakes some years ago, but found that our costs averaged $1\frac{1}{2}$ cents per cake or \$1.50 per hundred cakes. This excessive cost prevented us from entering this field of manufacture, and we were forced to import what small quantities we found it necessary

to have in order to hold the little school business we were enjoying. This is also the case with us to-day.

Another form of water color for school use which is very popular among the elementary and high schools of the country is the little tin half pan usually furnished to the school boards in boxes containing eight half-pans and furnished in the usual range of eight colors. By improved processes of manufacture we have been able to produce these pans at a figure which enabled us to procure some of the school business of the United States. The amount that we do is very small and is no criterion of what is done or what can be done. These colors, too, are produced abroad at prices far below those of our cost, and the present rate of duty of 40 per cent does not bring about equalization. These tin half-pans can be imported for as low as 50 cents the hundred pieces laid down, New York or Philadelphia, duty and expenses paid. We have no means of telling at what minimum cost they could be produced in America, our production not being large enough to warrant our costs being taken as decisive. Our costs are probably a bit higher than those of other factories in America specializing in this type of material, but we have reason to believe that an average fair cost, including factory overhead but not selling overhead, would warrant a specific duty of 1 cent per cake, this request to be considered as a minimum in event the former ad valorem rate of 40 per cent is discarded.

In bracket 1 the united industry asks, in addition to the specific rates, an additional ad valorem rate of 20 per cent on assembled painting outfits or kits. This we consider a very reasonable demand. For the most part, the kits and painting boxes are of tin themselves, empty, subject to a duty of 40 per cent under the metal schedule of the present tariff. The other contents, such as brushes, etc., are also dutiable separately at rates in the neighborhood of 40 per cent. The contents of chief value being the paints in the outfits and paint boxes, they are entered as such and come under the classification of Schedule 1. It would not be asking too much to increase this ad valorem duty to 40 per cent, instead of 20 per cent.

Under bracket 2 we beg an ad valorem rate of 70 per cent on assembled outfits and kits, this maintaining the present rate, the difference lying in the different character of outfits.

Heretofore art works, including paintings in oil and water colors and pastels, have been entered, we believe, at the customhouse free of duty. We note that in H. R. 2607, paragraph 1547, there is imposed a duty of 20 per cent. This, in our estimation, is as it should be. We mention it only as an additional argument. If the artist needs protection, so does the manufacturer of his materials. The actual amount of paint, in value, used on an artist's canvas is extraordinarily low. Information on this point will be found in our brief to the Ways and Means Committee, above referred to and submitted with this brief as exhibit.

Respectfully submitted.

F. WEBER Co.,
E. G. WEBER, *President,*
Philadelphia, Pa.

JUNE 10, 1929.

BRIEF OF THE MILTON BRADLEY CO., SPRINGFIELD, MASS.

The problem presented by this paragraph is complex, as it includes expensive professional artists' colors and students' colors and the inexpensive children's colors.

The tariff act of 1922 provided 70 per cent duty when assembled in color outfits, 40 per cent duty when unassembled. Importers immediately arranged to ship merchandise in unassembled form and assembled it here, thus saving 30 per cent duty.

The total domestic production of the so-called student or school colors is about \$200,000, and we estimate that foreign manufactures are now supplying from 20 to 30 per cent of the school colors, which class would enter under bracket No. 1.

The average cost of production in this country is 16 cents per dozen cakes or pans. Corresponding merchandise can be purchased abroad as low as 8 and 4 cents per dozen.

It will be readily seen that an ad valorem duty is impractical on merchandise of such low valuation, and we are asking for a specific duty of 12 cents a dozen

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on this class of merchandise to equalize the cost of production at home and abroad.

REASONS FOR COST

The principal item of cost in the manufacture of this product is labor. Girls, such as are employed in assembling, who work on piecework, are paid as high as \$29 per week in this country, while the same class of labor is paid \$6.52 per week in Germany. Skilled labor receives as high as \$55 per week in American factories, and the same type of labor in Germany receives about \$12 to \$18 per week.

American products have been standardized, both as to quality of material and design of box. Foreign manufacturers have imitated and copied the box in most minute detail, but have not standardized the quality of color, which tends to confuse the buyer.

Practically all European countries compel their schools to consume products, including school colors, from home manufacturers. This virtually amounts to an embargo and is effected in various ways—sometimes by prohibited tariff, sometimes by governmental or provincial rulings, and sometimes by royal decree.

The Ways and Means Committee of the House recognized the principle involved and drafted a satisfactory bill, which, however, was hastily amended the day before they started to vote, and no opportunity was given to the domestic manufacturers to explain its effect on home industries.

STATEMENT OF WAYNE N. LAIDLAW, REPRESENTING THE PRANG CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You appeared before the Ways and Means Committee of the House of Representatives?

Mr. LAIDLAW. I appeared before the House Committee only in the way of filing a brief. I did not actually appear.

Senator SMOOT. All right. You may proceed.

Mr. LAIDLAW. In line with your suggestion, Mr. Chairman, we are offering neither in our brief nor in this presentation to-day a duplication of what was offered in the other statement.

Senator BARKLEY. What do you propose to talk about?

Mr. LAIDLAW. School paints. I want to make a distinction between the question of artist colors and school colors. Our company handles only and is interested only in colors used in the public schools. But as far as the law is concerned there has never been a distinction. In the bill that passed the House of Representatives there is a distinction, in that they provide that colors costing less than 20 cents per dozen should come in at a duty of 40 per cent ad valorem. We are standing absolutely behind that proposition. We are satisfied with the provision of the bill as it passed the House of Representatives.

Senator SMOOT. That was your request and the House of Representatives complied with it.

Mr. LAIDLAW. Yes, sir.

Senator SMOOT. Of course, we know that. Go in with something else.

Mr. LAIDLAW. In submitting additional evidence I want to give a few matters for your information that we have endeavored to estimate and to get information on in a definite way: The most important people who will be affected by an increase in the tariff on school colors are the children in the public schools, who are not represented here—and I do not claim to hold a brief for them—but it

will affect, according to statistics given to us by the National Education Association, 15,000,000 children. According to the information given to us by the Department of Commerce, it will affect something like 1,000 workers. There are not more than 1,000 workmen engaged on these school water colors in the United States. So that the ratio between the number of school children affected and the number of workmen affected is 15,000 to 1. That, we believe, is important.

We want to say that the reason for this small number of workmen is because this material is practically all prepared by machinery. We have a statement from a manufacturer of machinery of Philadelphia who says that one workman serving one power machine can fill from 1,500 to 1,800 pans an hour. So this explains the low cost of the item of labor, showing that labor is not an important factor at all; that it will not affect the matter seriously, for it is being done largely by machinery.

We imported last year 1,004,400 cakes and pans—

Senator SMOOR (interposing). That is all in your brief?

Mr. LAIDLAW. And we paid for it a little over \$10,000. If this were a duty such as is asked for by the proponents of this increase, if that number of cakes and pans were applied, the duty alone on the colors would have been \$30,000, or approximately an increase of 300 per cent.

The Prang Co. was the first company to introduce crayons into the public schools. For 50 years and except for a short period during and after the war it has always sold imported colors. The proponents of this measure are asking legislation to end the service which this company has given to the public schools for over 50 years.

We want to submit this further thought, that if the proponents of this measure, or the manufacturers, are losing money, as they claim, it is absolutely their own fault—because of the price at which they are selling colors to-day, as proved by bids made by them in Philadelphia, New York, and in Washington, is far below cost of importation.

For that reason I want to call attention to a bid filed here in Washington, which you can verify very easily if you so desire. It was filed on the 24th of May, 1929, and the hard-cake colors were bid by the American Crayon Co. at 0.009½ per cake—

Senator SMOOR (interposing). Well, what you want is that the old paragraph may remain as it is?

Mr. LAIDLAW. I want the paragraph to remain as it was originally, or as it was written by the House of Representatives, as either one would be satisfactory to us.

Senator SMOOR. Would you prefer paragraph 67 of the existing law or the paragraph as written by the House?

Mr. LAIDLAW. I would prefer the existing law. However, there is a distinction made in school colors by the House of Representatives. The Ways and Means Committee very wisely made that provision, and we are standing on that.

Senator SMOOR. Your time is up.

Mr. LAIDLAW. I should like to file this brief.

Senator SMOOR. That may be done.

Mr. LAIDLAW. I thank you.

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(Mr. Laidlow submitted the following brief:)

BRIEF OF THE PRANG CO., NEW YORK CITY

**The FINANCE COMMITTEE,
United States Senate, Washington, D. C.**

GENTLEMEN: We did not appear in the hearings before the Ways and Means Committee of the House of Representatives, but we did file a brief before that body January 25, 1929.

In line with your request, we shall limit this statement to such additional information as we believe will be of interest to your committee.

1. Approximately 15,000,000 children will be affected by an increase in the cost of school colors.

2. The best information that we can obtain indicates that there is spent annually in the United States for this grade of school colors about \$800,000.

3. That more than 95 per cent of this amount is for colors of domestic manufacture and less than 5 per cent is for imported colors.

4. That labor is not an important factor in the production of water colors, because practically all this work is done by machinery—one operator with one power machine can fill 1,500 to 1,800 pans per hour. The F. J. Stokes Machine Co., of Philadelphia, is the authority for this statement. The Department of Commerce advises us that less than 1,000 workmen are engaged in this industry.

5. The number of workmen compared with the number of school children affected is 1 to 15,000.

6. The Prang Co. imported in the year 1928 a total of 1,094,400 cakes and pans at a cost of \$10,455.98, including the 40 per cent ad valorem duty. If this same quantity had been imported with the additional specific tax of 3 cents per cake or pan asked by the proponents of this tariff increase, we would have been compelled to add to this cost \$30,132, making a total of \$40,587.98, or an increase of almost 300 per cent.

7. The proponents of this tax are asking not for protection but monopoly. They are asking you to end by legislation a service which the Prang Co. has given to the schools of the United States for a period of more than half a century.

8. Exhibits B and E, submitted herewith, are the important parts of this statement, and we respectfully request your careful consideration of them. A complete list of exhibits is attached hereto.

Respectfully submitted.

THE PRANG CO.,
By **WAYNE N. LAIDLAW, Treasurer.**

EXHIBITS SUBMITTED WITH FOREGOING BRIEF

Exhibit A: Authorized list of special and general supplies of the New York City Board of Education for 1928. (Submitted to the Ways and Means Committee January 25, 1929.)

Exhibit B: Comparison of the cost of imported colors and selling prices of colors of domestic manufacture.

Exhibit C: One dozen imported water colors, semimount half pans.

Exhibit D: One dozen imported water colors, hard cakes.

Exhibit E: Report of the General Supply Committee, Washington, D. C., schedule for Class I, first quarter, 1930, page 11.

THE PRANG CO.,
New York, Chicago, and San Francisco.

BARYTES

[Par. 69]

STATEMENT OF W. C. WOLF, REPRESENTING THE SUPERIOR MINERAL CO., ST. LOUIS, MO.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. WOLF. Mr. Chairman, I appeared before the House committee. For some reason or other we did not get any relief.

The CHAIRMAN. Have you anything further to say?

Mr. WOLF. Yes. I would like to call your attention to a few things.

The CHAIRMAN. You may have five minutes. You will discuss barytes?

Mr. WOLF. That is correct. I am appearing for myself and for the American Mining Congress. I represent practically all the independent producers of barytes in the United States. That excludes producers who consume their own product and who seem to be pretty well taken care of in the House bill. In the 1927 report on barytes and barium products, it is stated that the imports of barytes from Germany still play an important rôle in the American barytes industry, furnishing the Atlantic coast with a large portion of its requirements. These imports have increased from 15,000 tons in 1923 to 70,000 tons in 1927. The present duty is \$4 a ton. It is interpreted on the long-ton basis.

The CHAIRMAN. You mean that was imported on the western coast?

Mr. WOLF. The eastern coast; imported from Germany.

The CHAIRMAN. Are there any importations on the western coast?

Mr. WOLF. I do not think so; just along the eastern coast.

This ore is produced by between 800 and 1,000 miners in the State of Missouri, and also in Georgia and Tennessee. However, the barytes produced in Georgia and Tennessee are produced by people who practically consume their own product, and have not much to sell.

These 800 or 1,000 miners in Missouri are practically earning \$7 a week. Since these imports have increased, the price has been cut from \$8, an average price in Missouri for about seven years, to \$6.50 a year ago. It is up a little now.

The CHAIRMAN. I see there is about 5 per cent of the consumption in the United States imported.

Mr. WOLF. No; over 20 per cent imported.

The CHAIRMAN. That is ground?

Mr. WOLF. It increased from 7 per cent in 1923 to 20 per cent in 1927.

The CHAIRMAN. Yes; 20 per cent.

Mr. WOLF. Witherite, which is a competitor and which is a natural barium carbonate, is being imported at the rate of about 4,000 tons a year, but it takes 2 tons of barium sulphite to make a ton of barium carbonate, and witherite happens to be on the free list. That is our big competitor.

The CHAIRMAN. You got an increase on that?

Mr. WOLF. On witherite?

The CHAIRMAN. Yes.

Mr. WOLF. No; not on witherite. That is on artificial barium.

The CHAIRMAN. On blanc fix?

Mr. WOLF. On blanc fix; yes, sir.

Senator BARKLEY. What is the market of this?

Mr. WOLF. At the present time we are getting \$7.25 a ton. It is the cheapest mineral in the United States.

Senator BARKLEY. You have now a tariff that amounts to 60 per cent ad valorem, or \$4 a ton.

Mr. WOLF. \$4 a long ton. It is probably more than that. Germany's barytes, as I understand it, is taken from a great bluff. They get it out with a steam shovel. Their freight rate to this country is about \$3.60 a ton, while our rate to the eastern coast is \$8.50 a ton.

Senator BARKLEY. Is it ground or unground?

Mr. WOLF. Crude.

Senator REED. Are there any deposits of this close to the ocean in the eastern part of the United States?

Mr. WOLF. There are some in Georgia, and Virginia has a small deposit, as well as North Carolina. Then there is a large deposit in California that has been discovered.

Senator BARKLEY. This importation does not compete with the supply for the Middle West and the western sections, does it?

Mr. WOLF. It does in this way: Missouri formerly supplied Missouri and Illinois. In the last few years the German ore came in and flooded the eastern market, and the Georgia market was forced west. They have taken a good deal of our Chicago market and have driven us out entirely.

Senator BARKLEY. How far from the Atlantic coast can this be shipped inland with a profit, after paying the freight?

Mr. WOLF. It is not being shipped far inland at all.

Senator BARKLEY. The freight will eat up all the profit.

Mr. WOLF. It is a heavy material, and it is brought over practically as ballast; a very cheap material.

Senator REED. They get it over for \$3 a ton.

Mr. WOLF. The freight is between \$3 and \$3.50.

Senator REED. If we put on a \$4 duty, that would make \$7.50.

Mr. WOLF. It is being laid down in this country now for \$11.50. Our \$7.50 barytes, with the \$8.50 freight to the eastern coast, would cost \$16. That is why we are asking for \$4 a ton. The duty at the present time is less than one-fifth of a cent a pound, but when you take all the finished products at 1 cent a pound, 2 cents a pound, and up to 6 cents a pound, it makes quite a difference.

The CHAIRMAN. Under the 1928 prices the equivalent ad valorem is 115 per cent.

Senator BARKLEY. Are you asking for an increase above the \$4?

Mr. WOLF. Yes. We are asking for an increase of \$4, to \$8.

The CHAIRMAN. That would be equivalent to about 230 per cent.

Mr. WOLF. That is what it would be.

The CHAIRMAN. Have you a brief you would like to file?

Mr. WOLF. No. There is a brief filed.

DECOLORIZING AND DEODORIZING CARBONS

[Par. 71]

STATEMENT OF J. T. POWER, REPRESENTING DARCO CORPORATION, WILMINGTON, DEL.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. POWER. Mr. Chairman and gentlemen, I appeared before the House committee and I had no intention of giving testimony here, since you announced that you did not care for repetition. So I am willing to let the brief previously presented to the House stand, but I would like to have the privilege of answering some of the statements brought up. I would like to have the privilege of presenting that in writing. He has made some new statements not covered by my previous testimony.

The **CHAIRMAN.** Can you get that in to-day?

Mr. POWER. So far as I can remember his statements I can. Would it be possible to have the printed copy and send it down?

The **CHAIRMAN.** We can not do that. We would never get through. Either testify right now or send it down.

Senator REED. Tell us what it is you want to say.

Mr. POWER. I have a few notes here. I will get them.

I might mention that the subject of decolorizing carbons is under investigation by the Tariff Commission, on the cost of production basis. The previous speaker has mentioned the comparison of equivalent grades. Competition is along competitive grades and not dissimilar grades. The trade will not accept or pay for carbons unless their qualities are the same.

He made reference to the tremendous increase in the production of the Darco Corporation. The figures, as I recall them, indicate that the imports have increased 324 per cent over the past few years.

The **CHAIRMAN.** Are you speaking now of bone black, or bone char?

Mr. POWER. No; not bone char; decolorizing carbons only.

Importations have increased 324 per cent since 1923, while the increase in production has been 260 per cent over the same period. In other words, the imports have increased 64 per cent more than the production, indicating that the importers have enjoyed—

Senator EDGE. What was the domestic production last year?

Mr. POWER. I am unable to state the total of all producers, but I would hazard a guess at, perhaps, five and one-half million. I think the Tariff Commission would have those figures more accurately than I can give them.

Senator EDGE. The figures of the Tariff Commission for 1926, showing the total duty collected on bone char, indicate an increase of almost 100 per cent over 1925. Nineteen hundred and twenty-six was 16,000 and 1925 was 25,000—almost 100 per cent. Do you know what the figures are for 1927 and 1928?

Mr. POWER. The importations for 1927 were 1,126,000 pounds.

Senator EDGE. I can tell better by the duty collected.

Mr. POWER. I do not know the duty.

Senator EDGE. The same duty of 20 per cent applied, did it not?

Mr. POWER. Yes, sir. The average import price last year was 7.56, I believe.

Senator REED. You are talking about different things. Senator Edge asked you about bone black and bone char and you are talking about decolorizing carbons only.

Mr. POWER. Decolorizing carbons only. We do not make bone char.

Senator BARKLEY. Decolorizing carbons have substantially replaced bone char anyhow.

Mr. POWER. Not at all. Bone char is exclusively used in the sugar industry.

Senator REED. How about vegetable-oil refining?

Mr. POWER. So far as I know, they have. I did not know they used bone char in the refining industry at any time. I thought they used fuller's earth.

The ratio of imports to production over the past few years has been as follows: 1924, 24 per cent; 1925, 23.8 per cent; 1926, 26.2 per cent; 1927, 23.3 per cent; in 1928 it was 30 per cent of the domestic production, which is a different figure from 14 per cent, as stated by the previous speaker.

The Norit and Purit companies do not exist as separate organizations. The Norit Co. purchased the Purit Co. in 1924, and they do have two selling organizations, but the carbon is made under the same control and the same management. Why it is necessary to have two separate organizations for the same producing company I do not know.

Senator EDGE. What do you mean to infer by that? Does that combination mean that the price is kept up or kept down? If it is kept up, it would not be in competition with you.

Mr. POWER. I would infer that the profits are such that they can afford two selling organizations.

Senator BARKLEY. That is an interesting development in connection with the request for an increased tariff.

Mr. POWER. My point is that the—

The CHAIRMAN. You do not think anybody wants to have an organization just to take part of the profits away, do you?

Mr. POWER. No; but the brief presented by the importers before the House mentioned that there was no cartel existing. The Norit Co., as I have stated in previous briefs, has affiliated with a German organization.

(Mr. Power submitted the following brief:)

BRIEF OF THE DARCO CORPORATION, WILMINGTON, DEL.

MR. CHAIRMAN AND GENTLEMEN: This brief is in reply to the one presented by the importers of Norit and Purit, decolorizing carbon, before the Ways and Means Committee, and containing new matter not hitherto presented to the House committee, or to the Tariff Commission, which is conducting a cost-of-production investigation.

GRADES OF DECOLORIZING CARBON

While it is true that carbons differ in decolorizing efficiency, the competition in this country is limited to the few grades made by both European and domestic manufacturers. Competition is on the basis of similar quality, and the American grades answer all the requirements of the trade. It is the lower prices quoted by the European companies which make their product attractive in America, and not the fact that their carbons are unique and supply a demand which can not be met by domestic products.

COSTS IN HOLLAND

Accurate cost of production in Holland is unknown to us, but upon comparison of wages paid in Holland and America, it is estimated to be 50 per cent of the American costs. The Tariff Commission will, no doubt, try to obtain the costs abroad in connection with the investigation now under way, and we hope these will be available to your committee by the time paragraph 71 is before you for final consideration.

Relative to the statement that low-priced colored help is largely used in the Texas factory, we submit the following comparison of wages in Texas and in Holland, the latter figures being furnished by the United States Department of Commerce:

Average weekly wages paid in Holland for unskilled labor.....	\$11.26
Average weekly wages paid in Texas for unskilled labor.....	17.22

The American weekly wage for unskilled labor is 152 per cent of the Holland rate.

Average weekly wages for skilled labor in Holland.....	\$12.51
Average weekly wage for skilled labor in Texas.....	25.62

The American weekly wage for skilled labor is 205 per cent of the Holland rate.

Colored help form 45 per cent of the labor employed in Texas.

The importer claims to be at a disadvantage of a freight rate of \$9 per ton from Rotterdam to New York. However, the cheapest rate by rail and water from Marshall, Tex., to New York is \$14 per ton, or \$5 in excess of what the importer pays. This freight excess of \$5 a ton, or one-fourth of a cent a pound, paid by the domestic producer, if applied against the average duty paid by the importer of 1½ cents, reduces the so-called advantage of the American producer to 1¼ cents a pound. This figure is much too small to compensate for the difference in cost of production here and in Holland.

AMERICAN EXPORTS

The brief of the importers states that American concerns have no difficulty competing in Europe with European carbons. The exports of the Darco Corporation to Europe amounted to less than 1 per cent of its 1928 production. This quantity can not be considered indicative of the ability of American concerns to compete in Europe.

CARTELS

The brief of the importers of decolorizing carbons states that their principals do not constitute a cartel, that the two products, Norit and Purit, are marketed by distinct selling organizations, and that their relation to the Verein fuer Chemische Industrie is for the purpose of obtaining raw material.

The United States Department of Commerce and commercial sources advise that the relationship of these companies is as follows:

The present Norit Co. of Holland was organized in 1918 to take over three companies which had been organized, respectively, in 1912, 1915, and 1916, to handle the production, sales, and obtain rights for a decolorizing carbon called Norit.

In 1924 the Norit Co. purchased the shares of a competing company called the N. V. Purit Maatschappy, manufacturing a vegetable decolorizing carbon. Norit shares were exchanged for the Purit shares.

In 1927 a 30-year agreement was made with the Verein fuer Chemische Industrie, Frankford, Germany, as a result of which, the interests in the German subsidiaries of the Norit Co. were transferred to the Verein against a cash payment of 1,000,000 florins. Another agreement was reached with the German company whereby a close commercial and technical cooperation relating to the outlet of products was assured for the future. For the sale of the carbons an export stock company was formed to act as a central sales organization, whose capital is entirely in the hands of the Norit and the Verein.

From the above it is clear that not only are the two products Norit and Parit made by the same company, but also there has been a definite agreement made with the Verein in Germany for the production and sale of decolorizing carbon. More details covering the relations of the European producers has been given to the Tariff Commission, and is also contained in the brief presented to the House Committee.

IMPORTATIONS

The figures showing importations of decolorizing carbon since 1924 show an increase of 324 per cent since that time.

The figures for 1924 and 1925 include bone char, as well as decolorizing carbon, so that the increase since 1924 is actually higher than 324 per cent.

The production of domestic carbon since 1924 has increased at a much smaller rate, having shown an increase of only 260 per cent since 1924.

The excess of imports over production since 1924 has been 64 per cent. These figures indicate that the importers, because of their low-priced products, are able to obtain a larger share of the increase in domestic consumption than are the domestic producers.

Greater details covering the subject touched upon in the foregoing have been furnished the Tariff Commission in connection with the cost-of-production investigation now going on, and we respectfully request that your committee refer to the commission for verification of what we have stated above.

Respectfully submitted.

DARCO CORPORATION,
LELAND LYON, *President.*

STATEMENT OF A. A. JACKSON, NEW YORK CITY, REPRESENTING PURIT CO. (LTD.)

(The witness was duly sworn by the chairman of the subcommittee.)

Senator REED. I notice there is another witness, Mr. J. T. Power, on the same schedule. Do they both represent the same viewpoint?

Mr. JACKSON. They do not.

Mr. Chairman and gentlemen, I am United States sales manager for Purit Co. (Ltd.), of Amsterdam, Holland, manufacturers of Purit carbons, sold in this country by the Glidden Food Products Co., of Chicago. By request, I am also appearing for the General Norit Co., of Amsterdam, Holland, makers of Norit carbons, sold in this country by L. A. Salomon & Bro., of New York City.

Under the 1922 tariff act our carbons pay a duty of 20 per cent ad valorem, and it is now proposed to increase this to 45 per cent, an increase of 125 per cent.

If this increase, or any increase, is made effective, it can not but result disastrously for everybody concerned, and more particularly for the multitude of American manufacturers who have found a real need for these carbons in their various refining operations.

There are but two American manufacturers of these carbons, and only one of them has asked for the increased in duty. The other manufacturer has been in the business for several years longer than has the complainant and has not complained that the present 20 per cent duty is insufficient protection.

The industry in the United States is not one in which "there has been a substantial slackening of activity in an industry and a consequent decrease of employment due to insurmountable competition from abroad." On the contrary, the business of the American producers has increased very rapidly during the past five or six years to the extent that they now control around 85 to 90 per cent of the business in this country. Because of the 20 per cent duty we find it increasingly difficult to hold our former business here and to compete for any new business.

We consider the arguments set forth by the complainant, in its briefs filed with the Ways and Means Committee, grossly misleading, for reasons which we shall state.

It is insinuated in these briefs that all "activated carbons" are alike and are produced by "a costly, complicated chemical process." This is not true with regard to the great bulk of these carbons used in this country, though it may apply in the case of a certain very minor proportion of carbons of "high purity," and in such cases it applies equally to both European and American carbons. "Purity" of a carbon has no particular bearing on its "decolorizing power," but it does have much to do in determining the use to which a carbon is put. Therefore, if and when comparisons are drawn, they must be with regard to equivalent grades or qualities, and this the complainant has failed to do, but, on the contrary, has based its complaint on grades which are entirely dissimilar, as between its product and European carbons, though this is not apparent in its briefs.

It is claimed that the imports for 1927 and 1928 were, respectively, 300 per cent and 500 per cent of the 1924 importations. These figures are entirely out of line with the true figures, which we have obtained from official sources and which we are in position to check because practically 90 per cent of these imports were products of our principals. Our figures show that there were 246 short tons imported in 1924, 593 tons in 1927, and 658 tons in 1928. By these figures the imports were, therefore, about 240 per cent in 1927 and only 268 per cent in 1928, of the 1924 imports, which is certainly not an abnormal rate of increase when it is considered that during the past five or six years the complainant's business has, we are reliably informed, increased approximately 500 per cent which, incidentally, would appear good evidence that the 20 per cent duty has proved to be ample protection to the American producer.

In 1926-27 there existed in this country an abnormal situation in a certain industry, and this brought about an unprecedented demand for decolorizing carbons, especially of the grades of lesser "purity" but still of high "decolorizing power." During this period many concerns began, for the first time, the use of carbons, found them advantageous and continued their use when conditions went back to normal. This was undoubtedly reflected, to an extent, in 1928 sales. It is hardly ethical, to say the least, to select for comparison these two particular years in order to show an apparently greatly increased usage of imported carbons when, as a matter of fact, the consumption of American carbons increased to even greater extent. Another thing, imports are not a true indication of consumption of European carbons in those particular years. Purit was introduced to the American market about January, 1927, and because of various

grades handled it has been necessary to bring in more than was required for the moment in order to have stocks to meet anticipated sales. However, this is an unimportant item in view of the large consumption, but it lies in our favor in drawing comparisons.

The 658 tons imported in 1928 represent but 13 to 14½ per cent of the total consumption of approximately 4,500 to 5,000 tons and, based on the American production, but about 16 per cent of the latter figure instead of the 30 per cent to 50 per cent claimed.

It is claimed that "the industry" can not survive in this country without the added protection asked for. It would seem that, in view of complainant's tremendously increased business during the past five or six years, its control of approximately two-thirds or more of the American consumption, the lack of complaint by the other American producer, and the fact that, grade for grade, our products are sold for higher prices than the American carbons, this contention is absurd on its face.

What is asked for, gentlemen, is not "protection" but is in reality "exclusion," pure and simple, and we submit that this is not the purpose or intent of the tariff act.

When the complainant refers to the industry he is in reality referring but to his own individual business, and certainly that does not, for reasons which I shall point out, constitute the industry as a whole; for those same reasons it might be considered that the other American manufacturer of decolorizing carbons, who has not made any formal complaint that we know of, more nearly represents the industry.

What is the industry in this country? We submit it is that of supplying to thousands of consumers certain grades of carbon which have been most helpful to them in their lines of work. With the exception of perhaps 5 per cent of the consumption, possibly even less, this demand centers almost exclusively on grades which are of moderate purity but of high decolorizing power, and it is these grades which constitute the great bulk of imported decolorizing carbons and which constitute, we understand, the great bulk of the sales of the other American manufacturer.

It is well known that the complainant offers but one grade of decolorizing carbon and that grade is not of the type mentioned but is of a grade which may be termed intermediate between what the mass of consumers require and what a very few consumers require who must have carbon of extra high purity and extra high decolorizing power. The consumers, as a class, can not afford to pay the price which this "intermediate" grade should properly sell for, nor do they require this grade in their work. The other American manufacturer and our principals have attempted to meet the popular demand for carbons "fitted to the work they are to perform" and for the past few years have offered these carbons to the American consumer. Our prices for these grades have been in keeping with our manufacturing costs as have also our prices for carbons of the higher qualities, and for what may be termed similar grades the American manufacturer has found the present 20 per cent duty ample protection.

It has been well known to the complainant that the consumers, as a class, demand these moderately priced carbons, but he has never, to our knowledge, even attempted to manufacture such grades, either

through inability or unwillingness. In effect, he says to the American consumer, "I'll not even try to make the grade of carbon you require; you must either take what I have, at my price, or go without." However, with the other American manufacturer offering carbons which at least approach the desired qualities, at prices in keeping with their worth, and our carbons of similar qualities at prices which are also in keeping with their worth and which, incidentally, are much higher than the prices of the other American manufacturer, due to the present 20 per cent duty and other charges, the complainant is, admittedly, at a disadvantage in having but one grade to offer, this grade being one which he has chosen to specialize in without regard to the trade requirements as a class.

Without reference to his American competitor, complainant merely says "We can't compete with European carbons." The truth is he has never tried to, nor has he tried to compete with grades offered by the other American manufacturer. Without disclosing the true situation, he has been seeking, since January, 1926, to unjustly remove our carbons from this market by interceding with the United States Tariff Commission, the Customs Service, and, finally, with Congress.

In plain words, complainant is not suffering from foreign competition; he is suffering, if at all, from competition by the other American carbons, as in fact we are, too. It is fitting to remark that during the past few years our principals have seen their American business continually going to the American carbon manufacturer, due to inability to compete on a proper basis because of the 20 per cent duty being altogether too high to equalize the situation, which it was supposed to do. This, in spite of the fact that it was very largely due to their initiative, many years ago, that most of the present fields for decolorizing carbons were discovered and developed at great expense of both time and money.

Complainant states that European manufacturing costs are mainly to be blamed for his inability to compete with foreign carbons. We have stated our belief that it is his home competitor he has to complain of, and not us. However, on complainant's application in January, 1926, the United States Tariff Commission has been conducting a very thorough investigation into the matter of European (Holland) manufacturing costs for decolorizing carbon, and analysis of the figures discloses that our manufacturing costs, as reported by the Tariff Commission's investigator, plus ocean freight, plus home-office selling expense, and plus the present 20 per cent duty, without mentioning the added expenses covering entry of goods, storage, American selling costs, etc., absolutely refute the charge that, grade for grade of carbon, the 20 per cent duty is insufficient protection; on the contrary, it is obvious from those figures that the present 20 per cent duty is much higher than it should be to equalize the situation, which it was supposed to do. In any event, those figures indicate that there should be no increase in the present duty.

In that very limited field where the consumer demands a carbon of the grade manufactured by the complainant, a carbon of so-called "intermediate" quality, the present 20 per cent duty has been an effectual barrier to the continued sale of our products of this quality, as evidenced by the fact that the two American manufacturers probably control over 95 per cent of this particular field at this time.

There remains that field where a carbon of extra high purity and/or decolorizing power is demanded. This field is not even approached by either of the American manufacturers at this time and those few American consumers who require such carbon are paying us much more for it than is asked by either of the American manufacturers for their best grades. This field is, therefore, noncompetitive and probably, because of its limited size, may never be so, in either price or quality.

Complainant claims that during over seven years of operation it has not shown a profit in any year and that a large deficit exists at the present time. We submit that, in our opinion, this statement is most misleading in that it does not, we believe, take into consideration the profits which have accrued to their sales division and in which, we are advised, complainant shares to the extent of approximately 50 per cent. We are of the opinion that there have been such profits and that complainant has shared in them.

It is our understanding that complainant turns over its entire production to its sales division at predetermined prices and we think it is a proper assumption that these prices represent a certain profit to the complainant, particularly when figured along with its share in profits of its sales division.

It is claimed that when the present tariff act became effective in 1922 there were four American manufacturers of decolorizing carbon and it is very strongly inferred that two of these manufacturers had to go out of business "because of foreign competition" and because the 20 per cent duty was insufficient protection. We think it will be found, on investigation, that competition by foreign carbons had nothing to do with the matter and that it was American competition, if any, that may have had something to do with the situation. In any event, neither of the companies mentioned were ever real factors in the industry here. The interesting thing is that one of the companies in business at that time is in business to-day, is apparently successful, and has found no reason to complain that the present 20 per cent duty is insufficient protection.

Complainant claims their industry, and the industry as a whole, is "essential," with regard to food production. This is not true. It is but an economic factor, more particularly in the case of some of the larger consumers; some of the smaller consumers, and even a few of the larger ones, contend they can operate practically as well without carbons as with them and especially so if the price is above certain levels, depending on the grade of carbon. If, through the imposition of a heavier duty, the consumer is called upon to pay correspondingly higher prices for his carbon, it may be set down as positive that many of the consumers will cease their use of these carbons or will at least greatly curtail their requirements. The direct result of this will be a still further increase in prices, because the remaining consumers will have to make up, to the producer, for this loss of tonnage and consequent increased manufacturing cost.

The industry is not a "key" industry; at the most, but two American producers, employing but a few men, are directly concerned, and one of these is, apparently, not much concerned either way. On the other hand, the consumers of these carbons in this country represent a vast and most important field of industry, taken as a whole; they

embrace such industries as soaps, vegetable oils, animal fats, glycerine, foodstuffs, chemicals, pharmaceuticals, dry cleaners, sugars, sirups, and so forth. Almost without exception, as evidenced by letters we have received, letters sent to the Tariff Commission and to the Ways and Means Committee, and conferences which I have had with leading consumers of these carbons, the consumers are strongly opposed to any increase in the present rate of 20 per cent ad valorem, feeling that it is ample protection and that any increase is bound to work great hardship on them, many of whom do a large export trade and must compete in their foreign markets with goods refined with moderate-priced carbons there, and that it will result in handicapping rather than helping everybody concerned.

Decolorizing and deodorizing carbons, so called, are, in effect, raw materials used principally by a multitude of refining industries of the country and should be so considered in framing the new tariff. These vast industries have need for moderate-priced carbons and should not be further penalized by increasing the duty on imported carbons. Exclusion of these carbons will leave the American market exclusively to two American producers, one of whom has indicated very clearly its intent to increase prices if given greater protection by the tariff.

We respectfully request that you take into careful consideration the various items to which we have called attention and that there be no increase of the present 20 per cent ad valorem duty on imported carbons of the classes mentioned, on the ground that this 20 per cent duty is ample protection, grade for grade of carbon, to the American producer, and that paragraph 71, Schedule 1, as now revised by the House of Representatives, be changed to correspond.

It was impossible to have formal brief prepared to file with you to-day, but we expect to file such brief with your committee within the next few days.

Senator BARKLEY. You are contending for the preservation of the present rate?

Mr. JACKSON. Absolutely; as being more than ample to protect. This is not in the form of a brief, Mr. Chairman. We expect, perhaps, to file a formal brief later.

The CHAIRMAN. If you can get it here to-day, so that it may go in the record, that may be done.

Mr. JACKSON. I understood we would have a few days in which to get it in. My statement can stand as a brief, in a way, but I think there are some other things that ought to go into that.

The CHAIRMAN. If you can get it here in time, very well; but we can not hold up the printing to wait for it. If you can get it in here, and it has not gone to print, we will put it in.

Mr. JACKSON. Very well.

(Mr. Jackson subsequently submitted the following supplemental statement:)

SUPPLEMENTARY STATEMENT BY A. A. JACKSON, REPRESENTING PURIT CO. (LTD.), AND THE GENERAL NORIT CO., BOTH OF AMSTERDAM, HOLLAND, ADDRESSED TO COMMITTEE ON FINANCE, SUBCOMMITTEE No. 1, UNITED STATES SENATE, WASHINGTON, D. C.

Mr. CHAIRMAN AND GENTLEMEN: I beg the privilege of submitting this statement, supplementary to my statement made to your committee June 18, 1929.

Immediately following my appearance before your committee June 18, Mr. J. T. Power, of Darco Corporation, Wilmington, Del., took exception to my statement that his company had, during the past five or six years, enjoyed an increase of about 500 per cent in its business, he then proceeded to quote certain figures for the specific years 1924, 1927, and 1928, intended to disqualify my statement. Incidentally, it will be noted that the complainant, Darco Corporation, throughout its briefs filed with the Ways and Means Committee and in its statements before that committee and before your committee, stresses these three particular years though why 1924 is taken as a basis for comparison is a question, the only conclusion we can draw is that it permits comparative figures to be quoted which are more favorable to complainant.

Authentic figures show that complainant sold a certain quantity of decolorizing carbon in its first year of active business, viz, the year ending May 31, 1923, and that this tonnage represented approximately 50 per cent of the American consumption of decolorizing carbons, we submit this as good evidence that so-called "foreign competition" was not as serious as they would have us believe and that the 20 per cent duty was ample protection. I am reliably informed that for the year ending July 31, 1927, only four years after the previous period mentioned complainant's business was almost exactly five times what it was during the year ending May 31, 1923, this is the 500 per cent increase I referred to in my statement June 18. This tonnage for year ending July 31, 1927, represents approximately two-thirds, or more, of the total American consumption of decolorizing carbons. The balance of the consumption, in both periods mentioned, was divided between carbon produced by the other American manufacturers and European carbons.

Inasmuch as I understand this statement will be published I have not given the actual figures but same are available to your committee, in confidence, if you request them.

Though I do not have complete figures for the year ending July 31, 1928, I have every reason to believe that complainant's business during that year will compare most favorably with that of the year ending July 31, 1927, and that for the year ending July 31, 1929, will show even greater percentage increase. In other words, I have every reason to believe that the complainant's tonnage sales have been constantly and regularly increasing and that there has been no falling off in same during the past three or four, or more, years. Further, I believe those figures will indicate, beyond question, that the percentage increase of sales of American made carbons has been very materially greater, year by year during the past several years, than the percentage increase in sales of European carbons. This all goes to prove that the 20 per cent duty has been more than ample protection.

I have taken the year ending May 31, 1923, as complainant's first active year in business. It is true that it was in business for a year or more prior to that period but until about June or July 1922 its production was confined to a very small, experimental plant located in Houma, La., and no appreciable tonnage was handled in the way of sales. This must be taken cognizance of in the event figures are submitted covering "first year's business."

Respectfully submitted.

A. A. JACKSON,
*Representing Purit Co. (Ltd.), and General Norit Co.,
both of Amsterdam, Holland.*

Dated at New York City, N. Y., June 19, 1929.

LITHOPONE; ZINC SULPHIDE

[Fars. 79 and 94]

BRIEF OF THE C. J. OSBORN CO. (INC.), NEW YORK CITY

Senator REED SMOOT,

Chairman of the Senate Finance Committee, Washington, D. C.

HONORABLE SIR: We, the undersigned importers and dealers in pigments, lithopone, and zinc sulphide, appeal to your committee to modify the rates reported in H. R. 2667, paragraphs 79 and 94, in which it is proposed to increase the rate on lithopone containing by weight 30 per cent or more zinc sulphide, 70 per cent, by adding to the existing rate of $1\frac{1}{4}$ cents per pound 20 per cent ad valorem, and a larger increase, under paragraph 93, covering zinc

sulphide, of 100 per cent, by increasing the present rate from 1½ cents to 3 cents per pound.

Our corporation, organized in 1889, is controlled entirely by American citizens and deals in domestic and imported pigments, which we supply to the American paint, linoleum, rubber manufacturers, etc. The lithopone in which we are interested and of which we import some 700 tons a year, contains 50 per cent zinc sulphide.

The cost without duty is 6¼ cents per pound, and adding the present rate of duty of 1½ cents per pound makes the total cost ex dock, duty paid, 8 cents per pound; a cost price which does not enable us to meet the selling price of similar domestic product, which has recently been reduced to 8 cents per pound.

The new proposed rate under H. R. 2867 would make the cost price on 50 per cent lithopone about 9¼ cents per pound, and would practically prohibit the importation of this material.

You will note, as stated in our brief filed with the Committee on Ways and Means and published in Volume I, Schedule I, page 815, that lithopone is manufactured essentially by a mechanical process with a very small amount of labor involved. Therefore there can not be any added protection to American labor by prohibiting the importation of 50 per cent lithopone, which is comparatively small and which does not threaten the prosperity of the American manufacturer.

There is no need to increase this rate of duty on 50 per cent lithopone. The brief of the New Jersey Zinc Co., on page 819, states that they are pioneers in this industry and that they have been unable to show any profit on the 50 per cent lithopone. This we can not refute, as we have no access to their records, but we might say, as a matter of information, that their stock dividends and cash dividends certainly reflect an enormous profit per year, and their stockholders have been handsomely rewarded.

In our opinion, it is not the small quantity of 50 per cent lithopone imported which is affecting the sales and profits of the domestic manufacturer of 50 per cent lithopone but the recent product put on the market and sold in place of the 50 per cent lithopone—the product known as titanium lithopone, which is made by a number of large producers of pigments, headed by Krebs Pigment Co. and Grasselli Chemical Co., now controlled by the Du Pont Co. This new product has met with considerable success, and it is sold at 8 cents per pound in competition with the domestic price of 50 per cent lithopone, which is also sold at 8 cents per pound.

The total importations of 30 and 50 per cent lithopones approximate 9,000 tons. Of the total amount of the imported quantity, less than 1,000 tons was the 50 per cent lithopone.

We do not think it is the purpose of the United States Government to completely prohibit the importation of commodities that compete to a minor degree with the American manufacture. We believe that the market for lithopone is of such magnitude that all of us can prosper, and that the little quantity of 50 per cent lithopone imported should have a tendency to regulate and stabilize domestic prices.

Referring to the briefs filed before the Ways and Means Committee, and published in their tariff hearings on pages 819 and 822, there was no attempt made to enlighten that committee as to the figures on cost of production and the usual data which this corporation could readily submit to support their demand for this tremendous increase, and the fact remains that the present high rate has restricted importations of all grades of lithopone to 9,000 tons during the year of 1928, and in this same period the domestic manufacturers increased their production and sales over 25,000 tons.

It can not be claimed, based on these figures, that the tariff rate needs readjustment.

In regard to paragraph 93—subject, zinc sulphide—we also register our objections to the proposed increase on this commodity. This product is produced only by one American manufacturer. The same manufacturer is one of the largest producers of lithopone. We believe that the zinc sulphide is produced under a secret formula, and therefore would not open the domestic field, as other manufacturers have tried numerous times to produce this material, and so far the successful production has been restricted to one domestic manufacturer. The increase in duty on this product is 100 per cent. Is it justified?

We recommend a rate of duty that will protect the American industry, and at the same time permit legitimate competition, and we firmly believe that a

rate of 1 cent to 1½ cents per pound on lithopone of all kinds will not affect the continued progress and prosperity of the domestic producers.

The domestic manufacturers have a ready weapon, in case our competition is unfair, and with the possibility of injuring their industry they can appeal to the proper authorities for a higher rate, under section 315 of the tariff act of 1922, and under the proposed act in H. R. 2667, section 336.

They could not avail themselves of this privilege, however, due to the fact that our landed cost is 8 cents per pound, duty paid, which equals their selling price, and in order to secure a fair margin of profit to cover our overhead and selling expenses, we must sell our 50 per cent lithopone at 9 cents per pound.

In all fairness, can there be any reason to increase the duty, if it is not the desire to completely shut out of this market our lithopone?

Respectfully submitted.

C. J. OSBORN CO. (INC.),
JOHN HENRY JAHN, *President*.

STATE OF NEW YORK,
County of New York, ss:

I, John Henry Jahn, president of the C. J. Osborn Co., do solemnly and truly swear that I have carefully read statements appearing in this brief and believe the facts stated therein are true to the best of my knowledge and belief.

JOHN HENRY JAHN.

Sworn to before me this 18th day of June, 1929.

[SEAL.]

CHAS. F. KRAMER,
Notary Public.

POTASSIUM PERMANGANATE

[Par. 80]

STATEMENT OF EDWARD H. CARUS, REPRESENTING CARUS CHEMICAL CO., LA SALLE, ILL.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator BARKLEY. What schedule are you going to discuss?

Mr. CARUS. Schedule 80.

The CHAIRMAN. You appeared before the House, did you not?

Mr. CARUS. No, sir; but we submitted a brief there. We have submitted a brief to the Ways and Means Committee of the House, which goes into considerable detail regarding potassium permanganate, referred to as the last item of paragraph 80. The duty on this material was increased by presidential proclamation last December after cost investigation, public hearings before the Tariff Commission, and recommendation by this commission to the President. We petition you to write the present duty into the tariff act as the House is done, and have not asked for any increase above present rates.

The CHAIRMAN. Are you importers?

Mr. CARUS. We are importers.

The CHAIRMAN. You are at La Salle, Ill.?

Mr. CARUS. La Salle, Ill.

Senator BARKLEY. What is this?

Mr. CARUS. The last item of paragraph 80.

Senator BARKLEY. Permanganate?

Mr. CARUS. Yes.

Senator BARKLEY. They increased it from 4 to 6 cents a pound.

Mr. CARUS. Yes, sir. The presidential proclamation increased it, the 6 cents is now effective. We want the 6 cents written into the act, to stay the way it is now. We are getting the 6 cents to-day.

The CHAIRMAN. You want what the House gave you?

Mr. CARUS. Yes, sir.

In this connection we wish to add that no American consumers objected to the increase in duty. Only the sales representatives of the German cartel made vigorous objection before this commission, and we note that only Mr. Mullaly, who now represents the importing agents of the German cartel, asked for a reduction back to 4 cents per pound. The German cartel is anxious to eliminate American competition, we being the only remaining producer out of 15 in 1918.

The Tariff Commission found the difference in cost of manufacture to exceed 6 cents per pound, and our selling expenses to be 94 cents per hundred pounds as against 66 cents per hundred pounds for the German cartel, which selling expenses were not included in manufacturing costs.

Mr. Mullaly criticized our location, apparently without regard to the facts of the case. The main bulky raw material is coal, and we are located at the mouth of a coal mine. We have had to develop a process using our surplus permanganate in order to be able to run full and compete at all. In this way 40 per cent is consumed at our own factory, and 60 per cent sold as a general average. The sales are distributed as follows: Forty-two per cent between the Allegheny and Rocky Mountains, 52 per cent eastern seaboard, and 6 per cent western seaboard.

Thus we are located at the geographical center of consumption. The Tariff Commission thoroughly investigated the geographical location of our plant and found that same was economical. Details are given on pages 9 and 10 of their report.

When the French occupied the Ruhr and our factory was closed down in 1923 the consumers became frightened and the price advanced for a time from 12 to 23 cents per pound. In case the duty is kept at 6 cents per pound American consumers will be protected by having a steady and continuous source of supply in this country. We have found out by experience how difficult it is and how much time is necessary to get together an organization to make this material, and that it is practically impossible to keep the equipment in repair when idle.

The basic advantages in cost of the German cartel are firstly, they are the largest producers of caustic potash (which is a necessary raw material) in the world, and secondly, their production capacity is four times ours and based on supplying the entire world.

I do not wish to take the time of this committee to talk on the importance of potassium permanganate in peace or war, since this was covered in the brief to the House committee.

The CHAIRMAN. The existing rate that you have—that is, the 4-cent rate—is equivalent to 44 per cent ad valorem.

Mr. CARUS. At the present time?

The CHAIRMAN. Yes; during 1928, and in 1927 it was 47.43. In 1926 it was 45.21.

Mr. CARUS. Approximately.

The CHAIRMAN. Now, you want a 50 per cent increase in that, which would make it 66 per cent.

Mr. CARUS. Yes, sir.

Senator REED. What did this sell for during the war?

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Mr. CARUS. \$4 a pound.

Senator REED. It is down to 9 cents a pound now.

Mr. CARUS. That is about it. It was so difficult to manufacture the thing, and we had so many troubles to be overcome that we could not produce very much, and nobody else could for quite a few years.

Senator BARKLEY. What proportion of the domestic consumption is represented by the imports?

Mr. CARUS. The figures are given in the House brief. The imports were increasing. They were about 150,000 in one year. The next year they were 300,000, and in 1928 they were 600,000.

Senator BARKLEY. What proportion of the domestic consumption is that?

Mr. CARUS. That would be about 40 per cent.

Senator BARKLEY. So that you produce in the United States 60 per cent of the amount used?

Mr. CARUS. Just about.

CARBONATE OF POTASH; GUMS

[Para. 80 and 86]

MEMORANDUM OF HON. JESSE H. METCALF, A SENATOR FROM THE STATE OF RHODE ISLAND

Hon. REED SMOOT,

*Chairman Committee on Finance, United States Senate,
Washington, D. C.*

MY DEAR SENATOR: The Cranston Print Works, of Rhode Island, have called my attention to schedule 1, paragraphs 80 and 86, of H. R. 2667, and I quote from their letter, asking that it be made a matter of record and given consideration:

"We note specific duty of three-fourths cent per pound on carbonate of potash in item 1, schedule 1, paragraph 80. This material is used in considerable quantities by the textile printers, and to the best of our knowledge every bit of it is imported. We have never had any domestic product offered to us, although we use about 250,000 pounds a year. If this paragraph is supposed to protect some American product it is certainly failing to do so. If there is no competitive American product the duty would appear to us to be a tax on the textile printers.

"See also increase of tariff on dextrines and British gums, paragraph 86, from 1½ cents to 2 cents per pound. Presumably this is done in the interests of agriculture. As a matter of fact, the prices on these manufactured corn products are controlled absolutely by the Corn Institute, which means the Corn Products Co. To-day when corn is selling at a comparatively low figure, the price of dextrines are at the highest point for several years, and there is absolutely no such thing as competition, even on purchases of several carloads. We have never heard of imported dextrines being offered in competition with the domestic on a price basis, and we are very doubtful if corn products require any more or as much protection as they had under the old tariff. Experience has clearly demonstrated that this will not increase the price paid to the farmer for his corn."

I am, my dear Senator, yours sincerely,

JESSE H. METCALF.

SODIUM CHLORATE

[Par. 83]

STATEMENT OF F. A. LIDBURY, NIAGARA FALLS, N. Y.,
REPRESENTING OLDBURY ELECTROCHEMICAL CO.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator BARKLEY. What paragraph are you going to talk about?

Mr. LIDBURY. Paragraph 83, sodium chlorate.

Gentlemen, I appeared before the House committee on behalf of the Oldbury Electrochemical Co., requesting an increase in the specific duty on sodium chlorate from 1½ to 2½ cents a pound. It will not be necessary, I take it, for me to go over the facts that I put in on that occasion.

The CHAIRMAN. Not at all.

Mr. LIDBURY. What I am here for to-day is to explain—

The CHAIRMAN. You want the 2½ cents provided for now?

Mr. LIDBURY. Yes. We showed then that during the last few years, owing to destructive foreign competition, the chlorate industry was being rapidly wiped out in this country. In spite of an increase of 50 per cent under the flexible provisions of the 1922 act, the two manufacturers of potassium chlorate have disappeared and we are the only manufacturers of chlorate remaining in the country. It has been increasingly difficult for us to continue the manufacture over the last few years, and the only excuse I have for adding anything to what was put before the House committee is that since then the conditions which have enabled us to continue under these difficulties have very much intensified.

At the time we presented our brief before the House we were still able to obtain power, which is the largest individual cost item in these articles, at what is considered to-day a really cheap price, a little better than 8 mills. That condition has now changed and we are being compelled and shall be compelled in the future to pay nearly 50 per cent more on the basis of 4.4 mills.

Senator REED. Are you located near Rochester?

Mr. LIDBURY. Niagara Falls, N. Y.

Senator REED. You need a good deal of power, I suppose.

Mr. LIDBURY. Yes. This entirely changes the complexion of affairs as regards continued production in this country. Whereas before the House committee we were able to say that we could carry on at the present time without making a definite loss, and that our principal trouble was that we could not expand to take care of the increasing demands of the country, at the present time we are compelled to say that we shall not be able to continue in manufacture unless given relief.

Senator EDGE. Do you confine yourself to the production of sodium chlorate alone, or is that the only item in paragraph 83 in which you are interested?

Mr. LIDBURY. Yes.

Senator EDGE. That is 1½ cents a pound.

Mr. LIDBURY. Yes.

Senator BARKLEY. What else do you produce besides that?

Mr. LIDBURY. Potassium chlorate, lime phosphorus, compounds of oxalic acid, perchlorates, and a miscellaneous lot of chemicals.

Senator BARKLEY. You mean that unless you get this increase you will have to quit the production of those?

Mr. LIDBURY. No; I am confining my discussion to this one particular article entirely.

Senator BARKLEY. You will not have to go out of business.

Mr. LIDBURY. Oh, no. The only point I wish to bring before you very emphatically is that if we quit producing this article, no other chlorates will be produced in the country.

Senator BARKLEY. What proportion of the domestic consumption do you produce?

Mr. LIDBURY. Of sodium chlorate, at the present time, something like 60 per cent.

The CHAIRMAN. What is your production?

Mr. LIDBURY. About 60 per cent of the total quantity.

Senator BARKLEY. What is the total?

The CHAIRMAN. That is, the total quantity made in this country.

Mr. LIDBURY. Made and produced.

The CHAIRMAN. How much do you produce?

Mr. LIDBURY. In 1928 we made about 3,361,000 pounds. The imports were 2,596,000 pounds.

Senator EDGE. It is about a 50-50 proposition.

Mr. LIDBURY. No; about 60-40.

Senator REED. Where does most of your competition come from?

Mr. LIDBURY. Germany, France, and Sweden.

Senator REED. The freight on this must be pretty high.

Mr. LIDBURY. You mean the ocean freight? Unfortunately, the ocean freight from Germany to the eastern coast is somewhat less, I believe, than from Niagara Falls to the eastern coast.

Senator REED. Do you ship through the Erie Canal?

Mr. LIDBURY. No, sir.

The CHAIRMAN. Does it come in iron drums?

Mr. LIDBURY. Yes, sir.

Senator EDGE. What is the cash value of the production represented by 60 per cent of the consumption?

Mr. LIDBURY. Something over \$250,000 a year.

The CHAIRMAN. The ad valorem rate for 1928 was a little over 40 per cent, under the existing law.

Senator REED. Why do you not ship by the Erie Canal?

Mr. LIDBURY. It is too slow, sir, and only continues for a part of the year. Besides that, the rates, I think, would not be, on the whole, any lower to the points to which we ship.

There are two other points to which the brief calls attention, that I would like merely to mention, without taking up any further time.

As stated before the House, without going into the evidence, the production of chlorates is of considerable importance from the point of view of national defense, and I am now able, through the courtesy of Representative Dempsey, to file a letter which he has received from the Secretary of War in that regard.

Finally, the brief contains a rebuttal of certain statements made before the House committee, indicating that this article was a

thing of agricultural importance, from the point of view of consumption.

Senator EDGE. The representatives of foreign producers appeared before the House committee, did they not?

Mr. LIDBURY. Not of the foreign producers; of the importers.

The CHAIRMAN. You are representing what company?

Mr. LIDBURY. The Oldbury Electro-Chemical Co.

The CHAIRMAN. Is that all?

Mr. LIDBURY. Yes, sir.

(Mr. Lidbury submitted the following brief:)

BRIEF OF OLDBURY ELECTRO-CHEMICAL CO.

A brief in support of a request that a specific duty of 2½ cents per pound be placed on sodium chlorate was submitted by us to the Committee on Ways and Means of the House of Representatives (Tariff Readjustment, 1929, hearings, vol. 1, Schedule 1, p. 846). We desire to submit in further support of this request a consideration of a subsequent development seriously affecting our conditions and costs of manufacture.

In the brief referred to, to which reference is respectfully made, after setting forth a history of the steadily increasing severity of competition from foreign importations of chlorates, we stated:

"This company thus remains the only manufacturer of chlorate in this country and upon the present basis of duty it can only at best expect to continue to operate its plant at prices which return to it slightly more than its operating cost with a margin insufficient to cover proper depreciation, and that only by virtue of low-price power contracts which are lapsing and which may not be renewable at the same figure and can certainly not be increased to cover a further quantity of power at that figure. To continue the manufacture in this country and to allow it to expand to meet the expanding demands will require a sufficient increase of duty to promise a reasonable return upon the additional investment. Figures of costs of production, of market prices, and of plant cost have been furnished to the chemical section of the Tariff Commission and it is hoped that a consideration of these will justify a request for a greater increase of duty on sodium chlorate than the increase which proved inadequate in the similar case of potassium chlorate."

The conditions which five months ago held out some slight hope that we might be able to continue to operate our existing plant without a direct loss no longer exist. We have been notified by the Niagara Falls Power Co. that it is no longer in a position to supply surplus power over and above its firm commitments to us on old contracts at the same rate as we have enjoyed heretofore and for such surplus power we now have to pay a rate of 4.4 mills as against 3.06 mills; an increase of almost 50 per cent. As it has not been possible for many years to increase our firm contracts with this company, and as practically the whole of our production of sodium chlorate depends upon such surplus power, this involves a very heavy cost increase amounting to approximately 5 cents per pound in this article. Figures on this point in more detail have been submitted as an additional memorandum to the chemical division of the Tariff Commission.

This substantial increase in cost places us in a position where we can no longer expect to compete with foreign importations on the basis that has existed since 1922; and we know of no location in the country where a plant could be built to serve the present markets for sodium chlorate with any probability, under the present rate of duty, of surviving. Either a substantial increase in duty must be made, or the manufacture of sodium chlorate in this country, like that of potassium chlorate, will have to be abandoned, and the production of this important class of chemicals cease altogether in this country. We do not believe that this is a condition which you will be willing to permit.

In our brief before the House committee we further touched on the undesirability from the point of view of the national defense of allowing the manufacture of chlorates to be commercially eliminated from this country. We subsequently requested the Hon. S. Wallace Dempsey, Representative from this district, to address an inquiry to the War Department on this subject, and have received from him a copy of the reply of the Secretary of War, which we append to this brief.

We trust it will be permissible also to refer to the attempts that have been made to create the impression that the principal outlet for sodium chlorate is as a weed eradicator for use on the farm. This is emphatically not the case. The facts are that its use in connection with agriculture has up to the present time been purely experimental, both as to extent and as to results. As to extent, a survey of consumptive outlets made by us shows that of the total quantities of sodium chlorate produced in the United States and imported during 1928 the amount used in connection with agricultural work could not possibly have exceeded 25 per cent and was probably a much lower figure, and that of the quantity so used a considerable proportion was taken by Federal, State, and other institutions for experimental purposes. As to results, its potential usefulness as a weed eradicator for farm purposes is neutralized by the extreme danger attending the fact that clothing, wood, straw, or any organic materials or dusts mixed with sodium chlorate are liable to ignition through friction or other slight causes, a fact that has been abundantly demonstrated by a series of accidents involving serious damage to person and property which followed ill-advised attempts to introduce it for general farm use in 1928. In this connection we append an editorial article from *Industrial and Engineering Chemistry* for May, 1929. We submit that neither the commercial data nor a consideration of the suitability of the material for farm use warrant the material being regarded as actually or potentially one of importance for agricultural consumption. Respectfully submitted.

OLDBURY ELECTRO-CHEMICAL CO.,
By F. A. LIDBURY, *President*.

[Copy of letter from the Secretary of War to Hon. S. Wallace Dempsey]

MARCH 16, 1929.

HON. S. WALLACE DEMPSEY,
House of Representatives, Washington, D. C.

MY DEAR MR. DEMPSEY: Replying further to your letter of February 6, 1929, the importance to our national defense of an adequate supply of phosphorus compounds and chlorates is appreciated and facilities for their manufacture should be maintained in this country. Whatever tariff is necessary in order to insure their maintenance should be provided. The amount of tariff which will be needed is a question to which this department has given no study and can, therefore, not answer.

Sincerely yours,

JAMES W. GOOD, *Secretary of War*.

[Editorial from *Industrial and Engineering Chemistry*, May, 1929]

RESPONSIBILITY FOR HAZARDS

The effort to have the duty on sodium chlorate removed on the ground that it is useful and effective in destroying harmful weeds on the farms has brought to our attention a situation which borders on the appalling, when one considers the hazards involved in the use of this material and the responsibility of those who have urged it upon men not technically trained. It is not surprising that tariff revision for agricultural benefit should be made the occasion to seek the removal of duty on this material, but it seems to us that these are unrelated matters. Sodium chlorate, among other materials for weed eradication, has been used with considerable success on railroad rights of way, but here methods of applying the material can be standardized and carried out under the supervision of those who know the hazards with which they are dealing and can take suitable precautions. But think of the potential menace to life and property when an open keg or drum of chlorate is stored in the old barn, where it may readily come in contact with organic dusts. Think of the hazards that remain after its use, even though the exceptional farmer may have taken the trouble to read the warning label on the container.

There is no difficulty in storing sodium chlorate safely under standardized conditions, and warehouses have no trouble about insurance, for they know what precautions should be taken. But it seems to us that all of this changes when the package is opened on the farm.

We are informed that many thousands of dollars of damage have already resulted from the use of this chemical in the fields. In one instance, a few days after the application of sodium chlorate a man was walking through the area that had been sprayed. The sun was hot, the plot was dry, and suddenly the man found himself on a bed of fire. Luckily he lost no more than the cuffs of his trousers. The same day the vehicle that had been used to carry the solution and spraying equipment was being driven along a road. The men on the wagon were startled to find the rear end on fire, probably caused by the intense heat of the sun or the jar and friction on the wagon boards where the sodium chlorate had dried in the wood. There have been other cases where the chemical dried on the clothing of those applying it and later burst into flame, causing serious burns. Buildings have been destroyed by fire apparently resulting where the solution dried or where dusts accumulated with the chlorate.

Sodium chlorate, may we reiterate, packed according to standard practice in metal containers, is safe as long as it remains in those containers, and of itself is not dangerous, inflammable, or explosive. It acquires these undesirable characteristics so far as the farm is concerned when mixed with organic or other combustible matter, and every precaution has to be taken, therefore, to prevent such admixture.

In view of these well-known facts, it seems to us exceedingly strange that some agronomists, county agents, and experiment station men should have shared in the responsibility of advocating the use of so hazardous a material in the hands of inexperienced operators. Labels may give legal protection, but there is an abundance of proof that "caution," "warning," "poison," and other sorts of labels are seldom carefully read, and sometimes the truth of their statements is not appreciated. Methanol affords another example.

An incidental objection to sodium chlorate on the farm arises from the probable decomposition of that salt into its equivalent of harmful sodium chloride. A quantity of chlorate sufficient to kill prevailing weeds thus would ruin some soils in the dry farming region. This menace is, of course, insignificant as compared with the more serious one—danger to both life and property in the storage of chlorate in open containers, where dust and other combustible matter may easily come in contact with it.

By all means let us do our utmost to overcome weeds. We can begin with clean seeds and an educational campaign to convince the farmer how much he loses if weeds are allowed to flourish. But let us not destroy the farm and burn down its buildings, thereby emulating those who would burn down the house to destroy the rats. Our friends who are advising agricultural folk can always without great difficulty obtain the advice and cooperation of their colleagues in chemistry. Such contacts will greatly further the desirable application of chemistry to farm work and eliminate unnecessary hazards.

Senator EDGE. Before you pass over Mr. Patterson, with regard to sodium phosphate, what is the difference between the House bill and the existing law? It is raised, as I understand, from one-half cent to 1 cent a pound.

The CHAIRMAN. Yes.

SODIUM SULPHIDE

[Par. 83]

STATEMENT OF JAMES J. RILEY, REPRESENTING BARIUM REDUCTION CO., CHARLESTON, W. VA.

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. You appeared before the House?

Mr. RILEY. Yes, sir; but there were certain things there that I did not make clear, because I was asked whether I was requesting a tariff against facts or against a theory.

The CHAIRMAN. Go ahead.

Mr. RILEY. In the manufacture of our barium products we require a sulphate. The cheapest sulphate we can use is sodium sulphate. The acid sodium sulphate, by one of these kaleidoscopic changes that have taken place in the chemical industry, has disappeared. There is no more niter cake, because that was a by-product of the old way of making nitric acid, and it no longer exists.

We now have to use salt cake to get the sulphate. That leaves us with the sodium, to which the sulphur radical is added, and we have sodium sulphide. This sodium sulphide is sold as a coproduct of our barium products, and is sold under great difficulty. We asked for a duty of $1\frac{1}{2}$ cents a pound, which we now modify to $1\frac{1}{4}$ cents.

You might ask why this strenuous competition is not reflected in the imports. I might say that half of the production in this country is made by people like ourselves, who bring it out as a coproduct, and it has to be sold or given away. We are making as little as we can to-day.

The CHAIRMAN. The House left the law as it stood, at three-eighths of a cent a pound.

Mr. RILEY. Yes, sir; on the lower grade, and three-fourths of a cent on the higher grade. On the higher grade we now ask that that be made $1\frac{1}{4}$ cents, with a corresponding duty on the lower grade.

Also, we would be very much affected if salt cake were put on the dutiable list. It is to-day on the free list and would require a corresponding duty—because that is our raw product—on this product, sodium sulphide, and also on the barium sulphate, or the blanc fix, both of which would be affected by any increased duty on our raw material.

Senator REED. If I understand this gentleman correctly, he is referring to sodium sulphate, crystallized, or Glauber salt.

Mr. RILEY. No, no; not the sulphate; the sulphide.

Senator REED. What duty do you ask on the sodium sulphate?

Mr. RILEY. On the sodium sulphide—

Senator BARKLEY. You are asking for an increase?

Mr. RILEY. Yes. We ask for an increase, owing to these peculiar circumstances.

Senator REED. You ask for $1\frac{1}{4}$ cents.

Mr. RILEY. Our own product is a sodium product, with the sulphur radical tacked on. We buy a sulphate, which we require for our barium base, and the sulphur radical is tacked on the sodium, and it must be sold or given away.

Senator REED. On the higher grade you ask how much?

Mr. RILEY. A cent and one-quarter as against three-quarters of a cent. On the high grade, which is now three-quarters of a cent, we ask a cent and a quarter, and on the lower grade we ask half of the cent and one-quarter.

Senator BARKLEY. In other words, from three-eighths of a cent to one-eighths of a cent?

Mr. RILEY. Yes. In other words, we ask, respectively, half a cent and a quarter of a cent more.

STARCHES

[Par. 85]

STATEMENT OF G. J. JENKS, REPRESENTING HURON MILLING CO., HARBOR BEACH, MICH.

[Wheat starch]

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. Mr. Jenks, I see you appeared before the House committee.

Mr. JENKS. I did not have an opportunity, Mr. Chairman. I filed a brief.

The CHAIRMAN. There are only about 11 pages of it; that is all.

Mr. JENKS. I appear in connection with paragraph 85, wheat starch. We are in the basket clause with other starches. Potato starch is raised to 2½ cents in the pending bill, and our starch to 1½ cents, because we are in the basket clause with all other starch.

Senator BARKLEY. What is your starch?

Mr. JENKS. Wheat starch. I would not ask for a hearing, Mr. Chairman and gentlemen, except that we could not make a complete case before the Ways and Means Committee. We could not secure the evidence of quotations from the Japanese, our only competitors. We have since obtained an original quotation from the representatives of the Japanese manufacturers.

The CHAIRMAN. The importations last year amounted to only \$1,414.

Mr. JENKS. Since 1921. They nearly put us out of business in 1921.

The CHAIRMAN. In 1922 there was only \$21 worth that came in.

Mr. JENKS. Previous to that time they virtually put us out of business, and they secured all of our export business with Europe.

Senator REED. How much do you manufacture in a year?

Mr. JENKS. The industry makes about 25,000,000 pounds.

Senator REED. And the imports are 26,000?

Mr. JENKS. Yes.

Senator REED. It is about one-tenth of 1 per cent.

Mr. JENKS. Absolutely, gentlemen; and that is the reason why I am taking up your time. I think I can explain it if you will permit me.

The CHAIRMAN. You want a decrease, then, in the duty?

Mr. JENKS. No; we want a large increase.

The CHAIRMAN. Why do you want it? There is nothing coming in.

Mr. JENKS. Because, as soon as this tariff bill is made a law, these people who have been covering up their quotations so that we were unable to get one before the House committee, will flood this country with wheat starch, temporarily, at 2 cents a pound less than we can produce it.

Senator EDGE. Why have they not been doing it in the last seven years, since 1921?

Mr. JENKS. Because the industry requires a balanced production. There are two main products, wheat starch and wheat gluten, for which there is no wide demand. They are specialties. There are between 4 and 5 pounds of wheat starch produced to every pound of

gluten. If the manufacturer can not sell either one of those products in balance with his production, he has to shut down.

The Japanese came in here during and after the war, and, as I say, cut our prices about 2 cents a pound. There is evidence of that in the brief filed with the committee. They did considerable business. At the same time they got our entire export business, which amounted to one-half of our domestic business on this particular wheat starch.

We ask for further protection, not because there have been importations. Evidently that European business, together with their domestic business, balanced their production back in 1921. Now, American cornstarch has gone into Japan, and the price of wheat starch has been cut 2 cents a pound—from $5\frac{3}{4}$ to $3\frac{3}{4}$. They are quoting it here at \$3.85 per hundred. Our sworn cost at the present time is \$5.25 per hundred. We can not compete. We will be put out of business.

Senator REED. They are quoting it laid down here?

Mr. JENKS. C. i. f., New York, at \$3.85, which would be \$4.85, duty paid, under the present law.

The CHAIRMAN. The value of the imported article for 1928 was \$3.65.

Mr. JENKS. Absolutely.

The CHAIRMAN. They got in here only \$1,414 worth.

Mr. JENKS. They have not been attempting to get any business here since 1921. What we are asking for is protection against impending competition, which is evidenced by the original quotation.

Senator BARKLEY. If they have not been shipping it in under a 1-cent tariff, how are they going to flood the market under a tariff of $\frac{1}{4}$ cents?

Mr. JENKS. Their product costs them nothing. They could give it away if they wanted to.

Senator BARKLEY. They could have done that under the present tariff.

Mr. JENKS. If they wished to. Evidently their production was balanced. There were a great many textile mills built in Japan after the war and during the war.

Senator REED. What duty do you ask?

Mr. JENKS. We want 3 cents. We will gladly take $2\frac{1}{2}$. It is necessary.

I want to show you the product that they make and sell for \$8 a pound, from wheat gluten. That product is a glutinate. The amino acids in wheat gluten are probably the most valuable constituent in wheat. I have been told by Doctor Kellogg, of Battle Creek, that he considered the amino acids the real fundamental reason for the universal use of wheat.

Senator BARKLEY. How many calories are in this bottle?

Mr. JENKS. I don't think there are very many. It is a savory salt.

Japan they do not get anything to eat but fish, and they need something on it besides the fish flavor, which they probably get tired of. They have an enormous sale of this in Japan, and some business in China.

The CHAIRMAN. Do you want to file a brief, sir?

Mr. JENKS. I have already filed a brief, sir.

(Mr. Jenks submitted the following brief:)

BRIEF OF THE WHEAT-STARCH INDUSTRY

Hon. REED SMOOT,

*Chairman Finance Committee, United States Senate,
Washington, D. C.*

DEAR SIR: The Huron Milling Co., Harbor Beach, Mich., and the Keever Starch Co., Columbus, Ohio, sole survivors of the wheat-starch industry, respectfully ask that wheat starch be taken out of the basket provision, paragraph 83, and the duty raised to 3 cents per pound, or at least to as much as the duty on potato starch. We ask this for the following reasons:

1. Extraordinary competition from Japan: Wheat starch is subject to as great, if not greater, competition than is potato starch due to the fact that the manufacturers in Japan, S. Suzuki & Co., own world-wide patents on sodium glutamate (see sample, Exhibit A), a savory salt and soup essence made from wheat gluten, for which there is such a great demand in the Orient that this product retails for \$8 per pound; and, as they can make not less than 1 pound of sodium glutamate to every 20 pounds of wheat starch produced, they are in position to sell wheat starch for any price they please. We estimate there is a net profit of at least \$4 per pound in the manufacture of this savory salt. It then follows that their advertised output of 50,000,000 pounds of wheat starch at the ratio of 20 to 1 represents 2,500,000 pounds of savory salt, which, at \$4 per pound, shows a profit of \$10,000,000, while the wheat starch at the average cost in the United States of 5 cents per pound for 50,000,000 pounds costs them not over \$2,500,000, and if given away would still leave them a net profit of \$7,500,000. It is true that the manufacturers in this country get a higher price for wheat gluten than for wheat starch, but we actually sell the bulk of our gluten at 13 cents per pound in the form of a food gluten, as we have no patent monopoly, and if we had there is no market for such a product as this savory salt in the United States.

2. History of Japanese competition: Prior to the World War there were eight concerns in the United States making wheat starch on a commercial scale. The competition of S. Suzuki & Co. during and after the war put six of these factories out of business. Two survive because they alone had an advertised and established business in starch specialties for the steam laundries, etc., the profits of which supported the losses occasioned by competition with the Japanese, this competition being on textile wheat starch only.

January, 1921, S. Suzuki & Co. quoted wheat starch at \$5.85 c. i. f. New York.
January, 1921, sworn cost of stock of domestic wheat starch, \$8.75 f. o. b. New York.

For copy Suzuki quotation, see Exhibit B.

We made a determined fight against this competition at that time and succeeded in holding our business in this country, but we lost our entire export business in Europe, which represented about one-half of our sales of textile wheat starch. This European business, together with the growing demand from the then new textile mills in Japan, was sufficient evidently to maintain a balanced production of starch and gluten for S. Suzuki & Co., as they gradually withdrew from the United States market and so far as we can learn there have been no importations since 1921.

3. New conditions giving rise to renewed competition: In recent years American manufacturers of cornstarch have invaded the Japanese market and the competition of this cheaper cornstarch has so affected the consumption of wheat starch that the price of wheat starch in Japan has been reduced from \$5.75 per hundred pounds to \$3.75 per hundred pounds. (See affidavit of George W. Ross, Exhibit C, attached.)

S. Suzuki are again trying to introduce their textile wheat starch into this country. Quotations were shown us by certain of our customers early this year, but as these quotations were confidential we were unable to get permission to use them before the Ways and Means Committee, and not until May 15 did we succeed in getting the following quotation with liberty to publish. (See Exhibit D.) Comparison of this quotation with our sworn costs is as follows:

Japanese wheat starch B (textile) grade, \$86.25 per ton (2,240 pounds), \$3.85 per hundredweight, c. i. f. New York.

Huron Milling Co. starch (textile) grade, prevailing price, \$5.25 per hundredweight f. o. b. New York.

Huron Milling Co. starch (textile) grade, delivered cost, \$5.25 per hundred-weight f. o. b. New York.

The wheat-starch industry of the United States uses over 700,000 bushels of wheat annually, not a large amount, but it represents a substantial part of the country's wheat crop and is of particular interest in the Thumb section of Michigan, where the Huron Milling Co. maintains a seed farm and pays the farmer for growing its special wheats 10 cents a bushel premium over the highest market price. Over 300 men are employed in the manufacture of wheat starch and nearly \$2,000,000 capital.

We believe that the Japanese, with their patent and market monopoly on sodium glutamate, are in position to force us out of business, giving them a monopoly of the world market for wheat starch, which will then be made by Japanese labor from Manchurian wheat, and that with this monopoly they can ask any price they please for wheat starch and wheat gluten. On the other hand, if the industry in the United States is adequately protected and thereby enabled to live, no high prices can result, as we are at all times subject to competition from the cheaper cornstarch; and we state that during the past 10 years the Huron Milling Co. has sold its entire output of textile wheat starch at less than cost.

Respectfully submitted.

G. J. JENKS, *Harbor Beach, Mich.*

(For the Huron Milling Co., Harbor Beach, Mich., and the Keever Starch Co., Columbus, Ohio.)

STATE OF MICHIGAN,

County of Huron, ss:

On this, the 8th day of June, 1929, personally appeared the above-named G. J. Jenks and made oath that the above statement by him subscribed is true.

[SEAL.]

KETH MIELETHALER, *Notary Public.*

My commission expires April 24, 1932.

EXHIBIT A

See sample savory salt.

EXHIBIT B

S. SUZUKI & Co. (INC.),
New York, January 13, 1921.

F. G. HALL TRADING Co.,
61 Broadway, New York City.

DEAR SIRS: We beg to offer you the following:

Article: Japanese wheat starch.

Quality: Special fine lump.

Quantity: 50 tons of 20 hundredweight each or 1,000 bags of 112 pounds net each.

Price: \$5.85 per 100 pounds c. i. f. New York.

Shipment: Prompt from England.

Terms: Letter of credit to be established in England payable upon presentation of documents.

Remarks: Packed in double bags of 112 pounds net each.

S. SUZUKI & Co. (INC.)

EXHIBIT C

AFFIDAVIT OF GEO. W. ROSS

I, Geo. W. Ross, of Boonton, N. J., hereby certify that on November 15, 1928, I was informed by Mr. R. G. K. Irvin, of Japan, that for several years the price of wheat starch in Japan has been around 5 cents to 5½ cents per pound and that since the competition of American corn starch has begun to affect the

consumption of Japanese wheat starch the price of wheat starch has been reduced to 3¼ cents per pound.

Geo. W. Ross.

STATE OF NEW YORK,
County of New York, ss:

On this, the 20th day of February, 1929, personally appeared the above-named Geo. W. Ross and made oath that the above certificate by him subscribed is true.

[SEAL.]

DANIEL A. BRUEN,
Notary Public.

My commission expires March 30, 1930.

EXHIBIT D

VOLKART BROS., INC.,
26 Beaver Street, New York, May 9, 1929.

THE CRYSTAL SPRINGS PASTE CO.,
6 Beacon Street, Boston, Mass.
(Attention of Mr. H. P. Baker.)

DEAR SIR: We acknowledge receipt of your favor of the 7th inst., from which we note you are interested in Japanese wheat starch, but we regret that at the moment we have no samples on hand.

However, a short time ago we received the following quotations: Japanese wheat starch, A grade, at \$143 per ton; Japanese wheat starch, B grade, at \$86.25 per ton, both c. i. f. New York, cash against shipping documents.

We are writing to our Japan office by this mail for samples of both the above grades, which we will be pleased to send to you upon receipt.

Thanking you for the inquiry, we remain,

Yours very truly,

VOLKART BROS., INC.,
(Signed) J. FRANK, Jr., Export Department.

I, G. G. Shipley, of Harbor Beach, Mich., assistant to the auditor of the Huron Milling Co., a corporation duly established by law, hereby certify that I have made an examination of the books of said corporation, especially in regards to costs of wheat starch, and find that the costs given in the statement herewith are correct.

I have compared copies of Exhibits B, C, and D with the originals in the files of the Huron Milling Co. and hereby certify that said copies are correct.

G. G. SHIPLEY,
Assistant Auditor.

STATE OF MICHIGAN,
County of Huron, ss:

On this the 8th day of June, 1929, personally appeared the above-named G. G. Shipley and made oath that the above certificate by him subscribed is true.

KEITH MIHLETHALER,
Notary Public.

My commission expires April 24, 1932.

STATEMENT OF JOSEPH MORNINGSTAR, REPRESENTING JOSEPH
MORNINGSTAR & CO. (INC.), NEW YORK CITY

[Potato and arrowroot starch; also including potato dextrine, par. 86]

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. MORNINGSTAR. Mr. Chairman and gentlemen of the committee, we are importers of starch and starch products. The proposed

House bill has raised the duty on arrowroot starch from 1 cent a pound to 1½ cents a pound.

No arrowroot starch is produced in the United States. The only arrowroot coming into this country comes from the island of St. Vincent, in the British West Indies. It is used exclusively as a food product. It has particular virtues as a starch product, inasmuch as it is the most easily digested of all starches. It has been recommended universally for years as a part of the diet of children and invalids. I think that the only reason any duty was ever imposed upon arrowroot is, first of all, that it is such an insignificant item in the entire starch importations of the country that it is just bulked generally as starch. As it protects no home industry and does not compete with any other starch, and sells anywhere from two to three times the price of cornstarch, and almost twice as much as the price of potato starch or tapioca starch, the reason for the duty does not seem to be very clear.

Senator REED. What does it sell for in this country?

Mr. MORNINGSTAR. Depending on quality, anywhere from 8 to 22 cents. It retails at around a dollar a pound.

Senator EDGE. Did I understand you to say that absolutely none is produced in this country?

Mr. MORNINGSTAR. Absolutely. There used to be a small factory down in Florida which our company owned and operated, and that company went out of existence because we had a great deal of trouble in getting labor, and on account of the fact that Florida had a boom, and our root supply disappeared in building lots.

Senator REED. How much did you say it was sold for wholesale--from 22 cents down to what?

Mr. MORNINGSTAR. Down to 8 cents.

Senator REED. And it retails for a dollar?

Mr. MORNINGSTAR. A dollar, in packages.

Senator REED. It would benefit you to the extent of 11½ cents a pound for us to strike it out of this paragraph but you would scarcely sell it at retail for 98½ cents to the consumer.

Mr. MORNINGSTAR. We do not package it. The only packaged arrowroot that comes into the country is either packaged by the wholesale druggist to whom we sell, or there is one concern that imports the packaged arrowroot from England. But, so far as I know, nobody is making a business of packaging arrowroot and distributing it in the way they distribute packaged cornstarch.

The only consumers that would use it would use it on account of its peculiar qualities.

Senator EDGE. This would seem to be a tariff for revenue rather than protection.

Senator REED. It is used for baby food very generally, is it not?

Mr. MORNINGSTAR. Very generally.

Senator REED. If I could see any way of getting the 1½ cents to the babies, I think I would be in favor of putting it on the free list.

The CHAIRMAN. Did you appear before the committee on this previously?

Mr. MORNINGSTAR. No, sir.

The CHAIRMAN. This is the first time I have ever heard this subject discussed. Why did you not object before?

Mr. MORNINGSTAR. Senator, I did not believe that this question would come up, and the first thing I heard about the starch schedules was when I read the information published in that green book.

Senator EDGE. Has it been on the free list?

Mr. MORNINGSTAR. No, sir. It was paying 1 cent a pound. Now they have increased that 50 per cent, to 1½ cents, in the proposed bill.

May I take a little time on potato starch?

The CHAIRMAN. Yes.

Senator REED. Tell us, first, what is the quantity of arrowroot that is imported.

Mr. MORNINGSTAR. About 1,250,000 pounds. In other words, the revenue is about \$12,000 now, to the Government, and this would increase it to around \$18,000.

Senator BARKLEY. You do not think there is any likelihood of boom sections of Florida returning to the production of arrowroot?

Mr. MORNINGSTAR. No, sir. We produced a different arrowroot down there, made out of the so-called zamia arrowroot. The genuine arrowroot is made out of the maranta. The zamia in Florida takes five years to mature. We did not cultivate it. We just went out and gathered it up out of the fields.

Senator BARKLEY. The boom might start again by that time, and destroy all your roots again?

Mr. MORNINGSTAR. That is just it.

Senator REED. You say this occurs only in St. Vincent?

Mr. MORNINGSTAR. The only place it is produced is the Island of St. Vincent in the British West Indies. It can be grown in any tropical country, but the only place it is commercially produced to-day is on the little Island of St. Vincent, in the British West Indies. Formerly a little was grown in Bermuda, but that industry has also gone out of existence.

Senator EDGE. Do they also ship it to European countries?

Mr. MORNINGSTAR. Yes. Europe takes about 50 per cent, and we take the other 50 per cent. They produce only about 3,500,000 pounds a year.

The CHAIRMAN. Your time has nearly expired.

Mr. MORNINGSTAR. In connection with the potato-starch proposition, I just want to show you an exhibit, if I may. This [indicating] is imported potato starch. The other one is a fair quality of domestic potato starch.

The CHAIRMAN. Do you import these starches?

Mr. MORNINGSTAR. We do. There is the kind of starch we sometimes get from Maine. The only potato starch produced in this country in any quantity is produced in Aroostook County, Me. The entire industry represents an investment of not more than \$150,000. It is in the hands of two men exclusively. This past year their cost for making potato starch was 2 cents a pound and they were selling it at \$4.50. I do not believe that industry needs any further protection than it has now.

The present duty, in normal years, figures about 50 per cent ad valorem, and the proposed duty of the House would bring it to 80 per cent.

Senator BARKLEY. What is the relative quality of these three starches?

Mr. MORNINGSTAR. The imported is by far the best.

Senator BARKLEY. The appearance has something to do with the quality, has it not?

Mr. MORNINGSTAR. Yes, sir. Potato starch is used also very largely in the food industries.

The CHAIRMAN. If it is so much better, what good will this duty do?

Mr. MORNINGSTAR. There is a tremendous increase in the duty.

Senator EDGE. What is the present duty?

Mr. MORNINGSTAR. The duty is 13½ cents a pound.

I might point out to you also that since the Fordney tariff went into effect, less potato starch has been produced in the United States than prior to that time. In other words, there is a particular field for imported potato starch, which really is not competitive with the domestic. The real competitor of potato starch is the fine boiling cornstarch, and I respectfully submit that the corn-products industry needs no further protection.

(Mr. Morningstar submitted the following briefs:)

BRIEF OF JOSEPH MORNINGSTAR & Co. (INC.)

No arrowroot starch is produced in the United States. At one time there was a small plant located in the South in Miami, Fla., which manufactured so-called Florida arrowroot starch, but this plant has been out of existence for several years, thanks to the diminution of the raw material and the high labor rate prevailing in that section.

The only arrowroot imported to-day in the United States comes from the island of St. Vincent in the British West Indies. Last year there were imports of approximately 1,250,000 pounds.

The entire amount is used only for foodstuffs, particularly for children and invalids. Arrowroot is the most easily digested of all starches, and it serves a useful purpose though confined to a small scope.

In packages it retails as high as \$1 per pound, and in bulk sells at prices anywhere from four to five times the price of cornstarch and three to four times that of potato starch. It is not competitive with either of these homemade starches in any way.

At the present time there is a duty of 1 cent per pound on this starch, and the house bill proposes to raise this duty to 1½ cents per pound.

In view of the fact there is no home industry to protect, that it is not a competitive starch in any sense of the word, and that the entire amount susceptible of production is insignificant in comparison with other starches, we respectfully request your committee to place arrowroot starch on the free list.

Respectfully submitted.

JOSEPH MORNINGSTAR & Co. (INC.),
JOSEPH MORNINGSTAR, President.

BRIEF OF JOSEPH MORNINGSTAR & Co. (INC.)

1. The domestic manufacturer of potato starch is limited to the amount of crop shrinkage.

2. High concentration of shrinkage is necessary for production, and this is lacking in this country.

3. The amount of imported potato starch is insignificant to the total uses of starch in industry.

4. A total embargo would be but an infinitesimal aid to the farmer and that indirectly.

5. An embargo would not help the manufacturers of potato starch but the corn-products producers, who need no aid.

6. The entire industry represents less than a \$200,000 investment and employs not more than 150 men on part time only. It is controlled by two men.

7. The farmers do not share in starch profits.

8. The quality of imported potato starch is superior to that of domestic potato starch.

9. In the use of potato starch the imported is competitive only to a limited extent with the domestic potato starch.

10. The increase in duty is a direct penalty on consumers without aiding home industry.

Potatoes can not be grown in the United States specifically for starch purposes because the cost is prohibitive. Therefore, the only potatoes available for starch purposes are the culls, seconds, rots, and scabs, estimated by the Department of Agriculture to be about 15 per cent of the crop. These are the potatoes which do not find their way to market and are sold for whatever the starch manufacturer will pay. It is estimated that it costs about \$1.25 per barrel (2½ bushels) to raise potatoes in Aroostook County. Starch on this basis can never compete against cornstarch, its only competitor. Therefore, the entire industry is limited not by the size of the crop but by the shrinkage. This shrinkage is getting smaller each year, thanks to the Department of Agriculture and State aid, and as the shrinkage becomes less so has the number of factories decreased. There were forty-odd factories in operation in Aroostook County in 1921; now there are 25, despite the fact that the duty was advanced an additional one-half cent per pound in 1923. There never has been a time when this crop shrinkage was available to the potato-starch manufacturers in sufficient concentration to supply the demand for potato starch in the United States.

One naturally gets the idea that because we produce more potatoes than any country in the world we should have no difficulty in producing cheap and abundant potato starch, but the crop as a whole is not available for this purpose; and there never has been a time when potatoes were raised for starch purposes. How, then, is it possible for Holland and Germany to manufacture it cheaply enough for export? In Europe the raising of potatoes for starch is possible first because no corn is raised for this purpose; in fact, the potato crop may be said to take the place of corn in Europe. From the potato the European not only obtains starch but dextrine, glucose, sirup, soluble starches, grape sugar, cattle feed, etc., just as the cornstarch manufacturers obtain a similar range or spread in this country from the bushel of corn. These products from potatoes are not produced in this country. Moreover, the yield per acre in Europe is approximately 280 bushels per acre, while here it is 110 bushels. This is especially important when it is realized that it necessitates a great concentration of raw material to produce starch. Thus it takes 175 bushels to make 1 ton of starch. Consider this fact in reference to the statement above, that the potato-starch industry is limited to not more than 15 per cent of the crop. Allowing for the 15 per cent available for starch from any one locality, it takes approximately 11 acres of land to produce 1 ton of starch and for a minimum carload of 20 tons, 220 acres. That is the basic reason why the potato-starch industry has never developed as in Europe, and never can. It has always been highly protected, and it is a condition inherent in itself plus the competition from the enormous cornstarch industry which has thwarted its growth. It is ridiculous to claim that imported potato starch, selling always at a big premium, has in any way held it back. Why has large capital never sought employment in this field as it has in the corn-products industry and in Europe?

During the year 1927 approximately 12,000 tons of potato starch were imported into the United States—this was an unusually large year—much higher than the general average. Suppose that there had been an embargo on potato starch and, carrying the fiction further, that the domestic industry could have replaced it; this would have meant that 2,100,000 more bushels of potatoes would have been used. During the same year this country produced 402,000,000 bushels of potatoes so that the amount replaced would have represented one-half of 1 per cent of the entire crop, or, taking the shrinkage at 60,000,000 bushels, 3¼ per cent. To this extent and no more could the farmer have been benefited. In the case of an embargo would the potato-starch manufacturers have had this business? In order to visualize the facts clearly it must be seen what other competitive factors enter into the picture. The producers of cornstarch have for years been endeavoring to imitate potato starch—a natural thin flowing starch—while cornstarch is a natural thick-boiling starch. By chemical processes they have reduced the viscosity of their product with ex-

cellent results and are making and selling to the textile mills the so-called mill starches, or thin-boiling starches, at prices which almost universally are lower than domestic potato starch and far below that of imported potato starch. Their product is abundant, uniform, and cheap. It is not assuming too much to state that the dearth of imported starch would have resulted more to the profit of the corn producers than the few potato-starch "mills" in existence, because cornstarch has always replaced potato starch in times when the latter was high in price and scarce in quantity. It takes 1 bushel of corn to produce 33 pounds of cornstarch; thus the embargo, had it resulted in the corn-products producers getting all the business, would have brought about the result that 900,000 bushels would have replaced 27,000,000 pounds of potato starch or three-hundredths of 1 per cent of the entire corn crop for that year. So that the entire replacement of imported potato starch in 1927, which was an unusually large year for importations, would have benefited the potato growers by one-half of 1 per cent of the entire crop or the corn growers by three-hundredths of 1 per cent.

But is at farmer who grows potatoes the real beneficiary of the potato-starch industry? With one exception, to our knowledge, no farmer or group of farmers controls a potato-starch factory. Indirectly he may consider the factories as an outlet for his unmarketable potatoes, but he is anxious to cut the shrinkage on his crop as much as possible, and it is a bad year for him when the starch mills are busy.

The entire industry, with the exception of a few plants in the Middle West which run only sporadically, is located in Aroostook County in the State of Maine and centers about the three small towns of Caribou, Presque Isle, and Fort Fairfield. There are about 25 factories left and of these, 22 or thereabouts are controlled by one manufacturing company who, in turn, is financed by one New England dealer who sells exclusively the output of all these factories. The names of these companies will be furnished if of interest. During the fall of 1928 this combination paid less than 15 cents a bushel for factory potatoes, or 25 cents a barrel delivered. It takes 100 barrels to make a ton which represents \$25 per ton for the raw material. Add \$15 a ton for labor, etc., which, from our own experience in this field, is ample, and the total cost is \$40 a ton for starch or 2 cents per pound. Potato starch is now selling at 4½ cents per pound f. o. b. New England textile factories which, after deducting one-half cent for freight, leaves a profit of 2 cents per pound, or 100 per cent. It does not appear from this that the industry as constituted to-day needs further help than the present duty which, figured on to-day's import cost, is approximately 60 per cent ad valorem.

The fixed investment of the entire industry—land, buildings, machinery, etc.—is less than \$200,000 and the number of men employed, part time only, less than 120. With such an investment and such an ample return, there seems no reason for increasing this duty to approximately 90 per cent ad valorem, as suggested in the house bill. If the price of starch advances, will the farmer receive more for his potatoes than he is getting to-day? Not unless he can obtain it from the operating company mentioned above who naturally buys as cheaply as possible, and the western factories where concentration of potatoes is not so great and hence higher costs, can he compete against this combination? It has always been impossible to do so except in war years. The obsession that potato starch can find wider outlets at higher prices is absurd on the face of it with cheap starch in Maine and the corn-products producers perfecting their "mill starches" at low prices. Any fair-sized textile mill has a larger fixed investment and a bigger pay roll than the entire potato-starch industry as constituted to-day. There are ten times as many mills buying potato starch in carload lots as there are individuals employed in the entire industry.

Do the manufacturers of corn products to-day need further help?

The chief producers are: The Corn Products Refining Co. (see Standard Oil). The American Maize Products Co. (see Royal Baking Powder). A. E. Staley Manufacturing Co. Penick & Ford (controlled by the Bedfords) (see Standard Oil and Corn Products Refining).

The price of cornstarch and the numerous products produced by these companies is fixed once a month, and their price lists appear simultaneously. There is no longer any competition in the real sense of that word within the industry. Even the total grind of corn is allocated among themselves, and the export of their materials is regulated by a corporation under the Webb Act. Yet these same companies who are always advocating higher and higher duties on other

starches export enormous quantities to markets where they must compete against the same starches on an equal basis. To place a duty of 90 per cent on potato starch would help this industry, which is so capable of helping itself, is on the face of it ridiculous and a direct penalty on consumers of imported potato starch who use it for its quality alone.

The quality of imported potato starch is far superior to that produced here. This is readily understandable when a survey of the domestic industry is made. Because of the short running time, most of the factories close down for the winter months, the fixed investment must necessarily be small and the method is primitive to an extreme. The factories are located on small streams, and this water, unfiltered, is used for the washing process, which accounts for its grayish color. The drying system universally employed is obsolete in every other starch producing center in the world, and hence the lack of uniformity in moisture content. Moreover, the separation process allows for no complete screening of minute dirt particles, and hence the specky appearance. For certain purposes this debars the use of the domestic product where potato starch is used. The imported, on the other hand, is made under the most scientific conditions with a laboratory under a trained chemist as the controlling factor. Any textile manufacturer will testify to the superiority of the imported product, and his recognition of its superiority is evidenced by his willingness to pay a big premium for it over the domestic product. He is paying it now and has always done so. Any amount of evidence can be furnished on this point if your committee desires it.

The main uses for potato starch are in the textile and food industries. In the textile industry it is used for sizing warps and finishing the gray goods. For the finer yarns it is preferred over corn or other starches as it gives greater "penetration" with more tensile strength and less shedding in the weave room. In finishing it gives a light, slick, papery effect, whereas corn is harsh and heavy. Both effects are necessary in their particular class of work, and both are used in the same mills for their respective purposes.

In the food industry it is used largely as a base for dessert powders, in baking and as a binder for sausages. As to these uses, the imported is not competitive with the domestic as the latter is totally unfit for these purposes. In all our experience, with the exception of the war years, we have never sold domestic starch for these purposes and have heard of no one doing it. We should estimate that 30 to 40 per cent of the imported goes into these channels. Nor does it replace cornstarch here—potato starch being a thin cooking, translucent product, is totally different from the opaque and heavy boiling cornstarch. For these purposes we ourselves have sold the imported product at three times the price of corn and twice that of the domestic.

Your committee will have heard a lot of talk about the competition of the various starches with each other. To a certain extent there is unquestionably competition, but it should always be borne in mind that while all starch has one chemical formula, each starch has its own individual effect and properties. For certain purposes each has its own superiority. It would be poor business to replace corn with potato in certain mills or potato in particular foods with corn. To best illustrate these differences an examination of starches under the microscope would be illuminating. These are all starches, yet note the distinctive appearance of each cellular formation which is just as marked when used in manufacturing.

However, the corn-products producers have perfected the thin flowing starches above mentioned which are in direct competition not only with the imported potato starch but with the domestic as well, but here the present duty of \$1.75 per 100 pounds certainly gives this industry enough protection, to say nothing of geographical proximity. As a matter of record, the corn-products producers regard what is left of the potato starch business as negligible and unimportant and the amount consumed in the textile trade (the only place where it is competitive) as insignificant to the amount of corn it consumes.

Who, then, can the increase in duty possibly help?

First. The potato starch manufacturers of Maine. We have shown that the industry is in the hands of two men who certainly have no cause to complain of present conditions and, so far as the record shows, have not done so.

Second. The Western manufacturers. They have been chasing a rainbow ever since the war when they obtained 10 cents for their starch. Is it reasonable to expect that the two men controlling the monopoly in Maine will relinquish

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this control or that they can meet the competition of the corn starch manufacturers?

Third. The corn products producers. Their industry is so entrenched that they can compete against all starches in the free markets of the world.

Fourth. The farmer. The amount of potatoes that would replace the imports in the biggest year would be an infinitesimal part of his crop. He does not share in the profits of the industry in any degree. He is looking forward to the day when his shrinkage will disappear. Will the others that might be affected ask for still higher duties as this becomes smaller?

The increase in tariff is a direct penalty on the consuming interests. It is a penalty on quality—totally ineffective as a stimulant to home industry. The amount of additional revenue for the Government will be insignificant. Is there any other manufactured article which asks 90 per cent ad valorem? The equity seems clearly to be with the consumers in this case. The magic words "potato" and "farmer" create the impression that no limits are high enough to protect—what? It means an additional starch bill of some \$300,000 a year without protecting any industry.

Because potato starch has always been a small item in the Nation's business there has never been an effectual protest against the ever-recurring increases in duty. It is "a sop to Cerberus" and easier to say "Yes" than "No," but no other sound reason has ever been advanced to justify it.

We, therefore, respectfully request that your committee advocate no increase in the duty on this commodity.

Respectfully submitted.

JOSEPH MORNINGSTAR & Co. (INC.).
JOSEPH MORNINGSTAR, *President*.

SUPPLEMENTARY BRIEF OF JOSEPH MORNINGSTAR & Co. (INC.)

No potato dextrine or soluble potato starch is produced in the United States. The reasons for this are, first, that the quality of the domestic potato starch is of such low grade that it is not fit for conversion into dextrine or soluble starches and, secondly, that the price of the imported potato starch, because of the high duty under which it now suffers is eliminated as a source of raw material for the converters of dextrine.

The uses of this material have dwindled to the extent that to-day they are only specialty products used for certain particular finishes in the textile trade and for certain uses as adhesives.

Should the duty be increased to 3 cents per pound on the dextrine and 2 cents per pound on the soluble starch, we do not believe it would affect imports in any way, but would act as a direct penalty on the consuming trade, without protecting any home industry.

The amount of importations of both these items is negligible, amounting at the most to a few hundred tons per year. There is no danger whatsoever of either of these commodities competing with the American-made tapioca dextrine or the American-made corn dextrine, as both of them sell at prices ranging anywhere from three to four times as much as either of these commodities.

The present tariff is a direct penalty on the consumers and a further increase would emphasize this unjustness. The revenue to be derived from additional duties would be insignificant.

In view of these facts, we, therefore, respectfully request that your committee advocate no further increase in the duty on these commodities.

Respectfully submitted.

JOSEPH MORNINGSTAR & Co. (INC.).
JOSEPH MORNINGSTAR, *President*.

BRIEF OF HON. GODFREY G. GOODWIN, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

[Potato starch; also including sago, par. 1750, and tapioca and cassava, par. 1776]

HON. REED SMOOT AND MEMBERS OF THE FINANCE COMMITTEE OF THE UNITED STATES SENATE.

GENTLEMEN: The undersigned, a Representative of the United States Congress from the tenth Minnesota district, makes this statement in behalf of the potato-starch industry and for an adequate protective duty on potato starch and asks that this statement be incorporated in the record of the hearings by the subcommittee on the schedule of oils and chemicals and also be considered in connection with an adequate duty on tapioca, cassava, and sago, which are items on the free list.

In the present extraordinary session of the Seventy-first Congress, which was primarily called for the purpose of affording relief to agriculture as a prime necessity, and when the farmers of the United States are asking that the commodities of the farm be placed on a parity with the items produced in other industries, in order that agriculture may have its proper place in the industrial life of the Nation, I desire to present to your committee pertinent facts in connection with the potato industry and the necessity for protection for the potato-starch industry.

The potato is an almost universal agricultural product, produced in large quantities throughout the United States and grown in every State in the Union. The average crop is in excess of 400,000,000 bushels annually, and in many years there is an overproduction, the resulting surplus causing great distress to the potato growers. Potatoes contain a large quantity of starch, and the starch thus produced enters into many manufactured commodities.

Potato starch is protected by a duty of 1½ cents per pound under paragraph 85 of the act of 1922; the present bill increases the duty to 2½ cents per pound.

Sago, crude, and sago flour, under paragraph 1750 of the present bill, and tapioca, tapioca flour, and cassava, under paragraph 1776 of the present bill, are continued as heretofore on the free list.

While potato starch is on the dutiable list, and sago, tapioca, and cassava are on the free list, these items must all be considered together in protecting potato starch, for the reason that they are entirely and highly competitive products in their use as food, in the textile industry, in the wood-glue industry, and in use as adhesives in some parts of the paper industry. A duty on potato starch is of no value so long as tapioca, cassava, and sago remain on the free list, for the reason that tapioca, sago, and cassava, entering the United States exempt from duty, determine the price of potato starch.

The cost of production of potato starch in the United States, as compared with the cost of production of potato starch in Germany, and of cassava, tapioca, and sago in the East Indies, clearly and conclusively proves that unless potato starch is given an adequate duty to protect it from foreign manufacture competition the potato-starch industry in the United States is doomed to extinction.

The cost of producing potato starch in Minnesota, allowing only 20 cents per hundredweight as the cost of the raw product (potatoes), is \$0.0336 f. o. b. factory. The cost of transportation from Minneapolis, as an example, to Boston on a long ton is \$18.25. Production costs in Germany and in the East Indies are not available, but it has been established that labor costs in Germany are lower than in the United States; the standard of living is lower; cheaper fertilizer gives greater yield per acre of potatoes; and the freight on a long ton from Hamburg, Germany, to New York is \$5.25.

Production costs of tapioca, cassava, and sago in Java, Dutch Guiana, and in the Straits Settlements are so low as to make any comparison with the same costs in the United States ridiculous. In the production of cassava and in the manufacture of tapioca and sago in Java coolie labor is employed at a rate of from 12 to 18 cents per day. The natives live in huts with thatched roofs, if any, furniture; in fact, they live almost like a savage. In the United States common labor such as is employed in the production of potato starch is paid for at the rate of not less than \$4 per day. A long ton of cassava, tapioca, and sago can be carried from Java to New York on an all-water haul at a cost of \$8.25. Contrast that with \$18.25 from Minneapolis to Boston.

The potato-starch industry in the United States has been steadily declining since 1925 and to-day is all but extinct. In the tenth Minnesota district in 1925 there were 17 factories profitably producing starch from potatoes, and each year relieved overproduction in the potato industry. Since that year all but three of these plants have been idle, due entirely to the fact that they can not compete with foreign competition.

In 1919 the domestic production of potato starch was 16,477,186 pounds; in 1927, 7,078,425 pounds.

In 1919 the imports of potato starch were 2,031,403 pounds; in 1927, 27,272,048 pounds.

In 1919 the value of the imported potato starch was \$151,883; in 1927 the value of the imported potato starch was \$1,006,173.

In 1919 the imports of cassava, tapioca, and sago amounted to 98,643,583 pounds and in 1927 to 116,272,673 pounds, of a value of \$3,183,514. In 1927 the imports of tapioca, sago, and cassava amounted to 116,272,637 pounds, of a value of \$7,609,734. The imports of these latter items increased in 1928 to more than 141,000,000 pounds.

The use of tapioca, sago, and cassava and potato starch are interchangeable in the textile, wood-glue, and adhesive-paper industries, and except for adhesives in the manufacture of postage stamps and envelopes the use of one is interchangeable with the other. Of necessity, the price determines the use of the commodity, and the low prices on tapioca, cassava, and sago fixes and determines the price of potato starch in all these industries. Tapioca, sago, and cassava are laid down in New York from Java and the East Indies, a distance of 13,000 miles apart, at the low price of 3½ cents per pound; and that is the price quoted for potato starch to the Minnesota manufacturers. It is obvious that at a production cost of \$0.0336 the Minnesota potato-starch manufacturer can not compete with the cheap product of the East Indies, and it is un-American and contrary to our protective tariff policy to expect him so to do.

The potato-starch manufacturers, as well as the potato producers, are asking for a duty of 4½ cents per pound on potato starch against German importation, and the same amount on tapioca, sago, and cassava in protection against the cheaply produced starches of the East Indies. And they are not unreasonable in making that demand. In the crop year of 1928 millions upon millions of bushels of potatoes were an absolute loss to the producers. Potatoes were selling at the height of the season for approximately 40 cents per hundred pounds. Some sold as low as 20 cents per hundred pounds, and, as above indicated, millions of bushels were unmarketable for lack of demand. Is it right that because of lack of an adequate duty, this tremendous loss shall be placed upon agriculture? Many farmers to-day are facing bankruptcy because of the vast quantity of potatoes that were unsalable.

With the starch factories in operation, and able to operate, there would be no loss to the potato-growing farmer in communities where there are starch factories. With an adequate tariff, the construction of these factories will be stimulated and increase in every potato-growing district.

The average yield of potatoes in the United States is in excess of 400,000,000 bushels; and while dependent upon acreage and weather conditions, that average has remained for the last several years. If your committee will refer to the benefits conferred upon the textile industry by and through the protective tariff, you will find that a substantial tariff has protected that industry in the years past and substantial increased benefits are given under the tariff bill of 1929, under Schedule 13, from paragraph 1301 to paragraph 313. It has been estimated that on a basis of \$800,000,000 yards of cotton cloth the increased cost to the manufacturer by a tariff duty of 4½ cents a pound upon potato starch, and its competitive commodities would be an increase of less than one two-thousandth of a cent on a yard. I do not vouch for this statement, but the estimate has been made by a man entirely responsible and capable of reducing it to a mathematical certainty.

Permit me to advise the committee that from indisputable facts the potato-starch industry is doomed to extinction unless relief by the tariff route is granted. Production has been substantially declining since 1925. The owners have substantial investments in these factories, and most of these factories are owned by farmers. The farmer has every reason to expect that when potatoes protected by the tariff duty all other by-products of the potato should be

equally protected, not only by a compensatory but by a protective duty. That is a rule applied on hides, leather, and shoes. That is a rule equally applied on all other commodities protected by the tariff.

It may be argued that tapioca is a food and not produced in the United States. The same is true of many commodities not produced in the United States, but which displace another commodity consumed in industry, and which the foreign product displaces to the disadvantage and destruction of the domestic commodity. All I am asking is that the committee give its fair consideration to this staple agricultural commodity and, in line with the tariff revision on agricultural commodities, that it give that full measure of protection to this great American industry so as to save it from the destructive competition with the foreign competitive products.

Respectfully submitted.

GODFREY G. GOODWIN, M. C.,
Tenth Minnesota District.

STATE BANK OF LONG LAKE,
Long Lake, Minn., June 6, 1929.

HON. GODFREY G. GOODWIN,
Congressman, Washington, D. C.

DEAR SIR: The resolutions below were adopted by the Long Lake business men on June 1, 1929: Be it

Resolved, That the Long Lake business men favors adoption of adequate tariff protection for agricultural products to the end that the business of farming may be placed on a more equitable basis as compared with other business and provision for cooperative storage and marketing of farm products.

Whereas tapioca, sago, and casava starches are now on the free list and coming in direct competition with potato starch, making the present tariff on potato starch of no effect; therefore, be it

Resolved, That it is the sense of this meeting that a tariff of 4½ cents a pound be placed on potato, tapioca, sago, and casava starches, which will give reasonable protection to the potato-starch industry of the country and will enable the farmers in periods of low prices and overproduction of potatoes to sell their products for starch purposes at a fairly remunerative price. Be it further

Resolved, That this association urge Congress to give the farmers this much-needed protection. Further be it

Resolved, That the secretary forward a copy of this resolution to the Representative of this district in Congress, and to the Senators from Minnesota. Be it further

Resolved, That we heartily commend all agencies attempting to bring about a reduction in freight rates on agricultural commodities and thus bring about a saving to the farmer. Be it further

Resolved, That we heartily commend the stand taken by our Representative, Godfrey G. Goodwin, in his efforts to increase the tariff on starch and potatoes in conjunction with other agricultural commodities.

Yours very truly,

ROY E. GODFREY,
R. A. MAUREL,
KENNETH M. BOLLUM,
JOHN J. RUE,
Committee.

MONTICELLO, MINN., *May 25, 1929.*

HON. GODFREY G. GOODWIN, M. C.,
House Office Building, Washington, D. C.

DEAR MR. GOODWIN: At the annual meeting of the Wright County Bankers' Association held at Monticello, May 25, 1929, the following resolution was unanimously adopted, and the secretary of the association requested to forward same to you, with the hope that we may get the relief that we are justly entitled to for the protection of potatoes and potato-starch industry.

"Whereas tapioca, sago, and casava starches are now on the free list, and coming in direct competition with potato starch, making the present tariff on potato starch of no effect; Therefore be it

Resolved, That it is the sense of this meeting that a tariff of 4½ cents a pound be placed on potato, tapioca, sago, and casava starches, which will give a reasonable protection to the potato starch industries of the country, and will enable the farmers, in periods of low prices and over production of potatoes, to sell their product for starch purposes at a fairly remunerative price; Be it further

Provided, That this association urge Congress to give the farmers this much-needed protection."

WRIGHT COUNTY BANKERS ASSOCIATION,
By S. J. WEALSY, *President*.
B. H. THAYER, *Secretary*.

NORTHWESTERN POTATO STARCH ASSOCIATION,
North Branch, Minn., May 23, 1929.

HON. GODFREY G. GOODWIN, M. C.,
House Office Building, Washington, D. C.

DEAR MR. GOODWIN: Since the special session of Congress convened the farmers and business men of the Northwest have followed with keen interest the various farm-relief legislation and tariff schedules recommended by the Ways and Means Committee.

It is our opinion that the most effective and permanent farm relief will come through a readjustment of the tariff which will give the Northwest the protection to which it is entitled. While this association is interested in the protection of all branches of agriculture, the products we are most vitally interested in are potatoes and potato starch.

The present tariff of 1¾ cents per pound on potato starch does not give the potato farmers of the United States any protection whatsoever, since the starch substitutes, such as sago, tapioca, and casava flour, are now on the free list, and any adjustment of the tariff on potato starch will be of no benefit unless an equal duty is placed on tapioca, sago, and casava flour, of which there was imported during the years 1928, 132,000,000 pounds.

One-third of the potato crop from Minnesota this season will not be marketed on account of overproduction. If at this time we had a duty of 4½ cents on potato starch and substitutes, the surplus could be made into potato starch and realize for the growers \$2,000,000, that will now be a total loss.

The potato-starch industry has been bankrupt since the Democratic Congress in 1912 reduced the tariff on potato starch from 3 cents to 1 cent per pound. In 1922 the Republican Congress increased the duty to the present rate of 1¾ cents per pound, but this is not sufficient to revive the industry, because there is no duty on substitutes.

About 20 years ago we had a duty on potato starch of 3 cents per pound, and potato-starch factories were flourishing; labor at that time was about half of what it is to-day, so that there should really be a duty of 6 cents per pound to equal manufacture cost of to-day.

The Republican Party during the last campaign promised farm relief, and if they were sincere let them now pass a tariff that will redeem their pledge or not pose as a friend to agriculture again.

The appeal for votes for the support of the Republican Party was made with the promise of granting agricultural relief and with the slogan that the American market belongs to the American farmer; the revised schedule as recommended by the Ways and Means Committee does not provide adequate relief.

Yours very truly,

NORTHWESTERN POTATO STARCH ASSOCIATION,
By J. P. HOLMBERG, *Secretary and Treasurer*.

NORTH BRANCH, MINN., *May 25, 1929.*

The Hon. GODFREY G. GOODWIN,
Tenth District Congressman, Washington, D. C.

HONORABLE SIR: The key to a portion at least of the farm problem lies in the tariff now under consideration in Congress. The Lions Club of this city urges upon you as the worthy Representative of this congressional district the

extreme importance of tariff protection to the starch industry, which is the only means of utilizing the surplus production of the basic potato industry of this section of the country. A tariff on all starches imported would make possible the reestablishment of starch factories which have languished since protection was removed, and would thereby give a return to farmers on potatoes that now represent a total loss. Respectfully urged.

LIONS CLUB OF NORTH BRANCH.

TENTH DISTRICT BANKERS' ASSOCIATION

MAY 31, 1929.

The resolutions below were adopted by the tenth district bankers at Taylors Falls on May 23, 1929. The secretary was instructed to forward a copy to all banks in the district with the request that bankers see to it that commercial clubs and farmers' organizations adopt similar resolutions and forward them immediately to our Senators and Congressmen. The time is short—rush!

ALBERT WICKSTROM,

Secretary-Treasurer, Tenth District Group, Isanti, Minn.

Be it resolved, That this group favors adoption of adequate tariff protection for agricultural products to the end that the business of farming may be placed on a more equitable basis as compared with other business and provision for cooperative storage and marketing of farm products.

Whereas tapioca, sago, and casava starches are now on the free list, and coming in direct competition with potato starch, making the present tariff on potato starch of no effect: Therefore, be it

Resolved, That it is the sense of this meeting that a tariff of 4½ cents a pound be placed on potato, tapioca, sago, and casava starches, which will give reasonable protection to the potato-starch industry of the country and will enable the farmers in periods of low prices and overproduction of potatoes to sell their product for starch purposes at a fairly remunerative price. Be it further

Resolved, That this association urges Congress to give the farmers this much needed protection. Further be it

Resolved, That the secretary forward a copy of this resolution to the Representative of this district in Congress and to the Senators from Minnesota. Be it further

Resolved, That we heartily commend all agencies attempting to bring about a reduction in freight rates on agricultural commodities and thus bring about a saving to the farmer. Be it further

Resolved, That we heartily commend the stand taken by our Representative, Godfrey G. Goodwin, in his efforts to increase the tariff on starch and potatoes in conjunction with other agricultural commodities.

STATE BANK OF DALBO, *Dalbo, Minn.*,

ELMER V. ERICKSON, *Cashier.*

DALBO STARCH MANUFACTURING CO.,

ARTHUR MOLINE, *President.*

R. E. BLOOMGREEN.

ARTHUR MOLINE.

ALBERT WING.

ELMER V. ERICKSON.

Resolutions adopted by the tenth district group of the Minnesota Bankers Association at its annual convention held at Taylors Falls, Minn., on May 23, 1929:

Be it resolved, That this group favors adoption of adequate tariff protection for agricultural products, to the end that the business of farming may be placed on a more equitable basis as compared with other business and provision for cooperative storage and marketing of farm products.

Whereas, tapioca, sago, and casava starches are now on the free list and coming in direct competition with potato starch, making the present tariff on potato starch of no effect: Therefore, be it

Resolved, That it is the sense of this meeting that a tariff of 4½ cents a pound be placed on potato, tapioca, sago, and casava starches, which will give reasonable protection to the potato-starch industry of the country and will enable the farmers in periods of low prices and overproduction of pota-

toes to sell thier product for starch purposes at a fairly remunerative price.
Be it further

Resolved, That this association urges Congress to give the farmers this much-needed protection. Further be it

Resolved, That the secretary forward a copy of this resolution to the Representative of this district in Congress and to the Senators from Minnesota.
Be it further

Resolved, That we heartily commend all agencies attempting to bring about a reduction in freight rates on agricultural commodities and thus bring about a saving to the farmer. Be it further

Resolved, That we heartily commend the stand taken by our Representative, Godfrey G. Goodwin, in his efforts to increase the tariff on starch and potatoes in conjunction with other agricultural commodities.

VANADIUM CHEMICALS

[Par. 92]

STATEMENT OF B. D. SAKLATWALLA, REPRESENTING THE VANADIUM CORPORATION, BRIDGEVILLE, PA.

(The witness was duly sworn by the chairman of the subcommittee.)

The CHAIRMAN. You appeared before the House, did you not?

Mr. SAKLATWALLA. Yes, sir. We filed a brief before the House asking that vanadium chemicals be put in a specific, separate clause and not left in the general chemical clause in the basket clause, because these vanadium chemicals form the basis of an entire new industry and have become of great importance. Paragraph 92 is the result of that.

Now, what we are asking is not any change in the rate of paragraph 92, but we think the language and the wording is rather ambiguous, so that later it might be rather difficult to decide just what vanadium products come under paragraph 92. We though it would be advisable to make it more specific and restrict it only to the products in which we are interested and which we are manufacturing.

We suggest that that be changed to "Vanadic acid, vanadic anhydride, salts of the foregoing, vanadium sulphate, vanadium chloride, vanadium oxychloride, and organic compounds of vanadium, not specially provided for, 40 per cent ad valorem."

Senator REED. Organic compounds?

Mr. SAKLATWALLA. Of vanadium; that is, the compounds of vanadium that are combined with organic acids, or the organic bases combined with vanadic acid.

(Mr. Saklatwalla submitted the following brief:)

BRIEF OF THE VANADIUM CORPORATION OF AMERICA, NEW YORK CITY

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: We are not asking any change in the rate provided in the House bill but a clarification of the language.

In our brief filed before the honorable Committee of Ways and Means, House of Representatives, we made a request for adequate protection of chemical compounds of vanadium which are finding increasingly extended use in the chemical industry in this country. As stated there, considerable sums of money and effort were expended in developing the manufacturing processes and industrial

applications of such chemicals in this country. European manufacturers have already usurped our developments. This is owing to their low cost of labor, power, fuel, and the possibility of acquiring equipment and machinery at lower costs. Already importations at uncompetitive prices have occurred, threatening the further expansion and development of this industry in the United States.

By the new paragraph 92, as provided for in the bill (H. R. 2667), vanadium chemicals have been taken from the general basket clause, paragraph 5, and given a specific classification. In our original request the intent for asking a separate clause for vanadium compounds was to provide for a separate classification which would set forth vanadium compounds specifically and remove doubt as to proper classification.

Since, in the development of this industry, common as well as very highly trained technical and scientific labor for a very substantial part of the cost, the increased protection had been asked only on the products which involve a large expenditure of such labor which enables European manufacturers to produce these compounds at extremely low rates.

In the case of raw materials Europe is not at any advantage over this country, as both the continents are dependent upon outside importations for their raw materials. Consequently the unfair competition could arise only from a difference in the manufacturing costs made up of labor, power, fuel, and the like. We therefore request that the new paragraph 92 should be more specifically restricted to the manufactured compounds and products only, and especially to such products of immediate importance to the industry of this country. Such products are covered by the following paragraph:

"Vanadic acid, vanadic anhydride, salts of the foregoing, vanadium sulphate, vanadium chloride, vanadium oxychloride, and organic compounds of vanadium, not specially provided for, 40 per centum ad valorem."

In the above paragraph we are not asking for any change in the rate as provided for in the House bill.

The use of vanadic acid and its anhydride and salts has been dilated on in our brief submitted to the honorable Committee of Ways and Means, and mention has also been made of the uses of the inorganic salts of vanadium, such as the sulphate, chloride, and oxychloride in the dyeing, textile, rubber, varnish, and linoleum industries. The organic compounds of vanadium specifically mentioned above are finding applications and promise to be of very great use in the manufacture of other organic products. Such organic compounds of vanadium, similar to the inorganic ones, have been incorporated in rubber, celluloid, varnish, linseed oil, linoleum, synthetic resins and other industrial products, either accelerating and cheapening the processes of their manufacture or imparting super or properties to them in the finished state.

The industry at large concurs in the views expressed in this brief.

Respectfully submitted.

B. D. SAKLATWALLA,
Vice President.

STATEMENT OF V. B. LANSINGH, NEW YORK CITY, REPRESENTING TUNGSTEN AND MOLYBDENUM REFINERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. LANSINGH. Mr. Chairman and gentlemen, I appear in connection with paragraph 92, tungsten and molybdenum.

Senator EDGE. Do you agree with the previous witness?

Mr. LANSINGH. Yes. We are not interested in vanadium, but only in tungsten and molybdenum. We are asking that tungsten and molybdenum, chemicals which have heretofore been classified under metals, shall be put in the chemical schedule where they belong. Heretofore their use has been comparatively small, and they have all been lumped with the metals. Now we are asking that they be classified under paragraph 92, inasmuch as vanadium, tungsten, and molybdenum are all similar metals chemically and also have similar uses.

Senator EDGE. What duty does it call for under its present heading?

Mr. LANSINGH. Twenty-five per cent. What we are asking is simply an ad valorem increase in tungsten.

Senator EDGE. In other words, you want to increase it from 25 to 40 per cent?

Mr. LANSINGH. Yes, sir; because the ore has gone up a corresponding amount.

Senator BARKLEY. What does the House bill do to tungsten and molybdenum?

Mr. LANSINGH. The House bill raised the duty on the ore from 45 to 50 cents a ton, but there has been no compensatory duty on the chemicals made from it, and we are asking a compensatory duty.

Senator BARKLEY. Is not that too much of a spread, from 45 to 50 cents per ton?

Mr. LANSINGH. No.

Senator BARKLEY. You are asking for an increase from 25 to 40 per cent?

Mr. LANSINGH. Which is exactly the same. We have filed figures with the Tariff Commission, gentlemen, which will bear out this figure. I have not put them in the record because they are rather complicated, but they are filed with the Tariff Commission, and they will bear out this statement.

Senator EDGE. Did you make an application for transfer before the House Committee?

Mr. LANSINGH. No; I did not.

The CHAIRMAN. Have you a brief?

Mr. LANSINGH. Yes, sir.

The CHAIRMAN. Is it the same brief that you had in the House?

Mr. LANSINGH. I did not appear before the House Committee, sir. At that time, you see, there was no increase in the ore. We are asking for a compensatory duty.

I want to say one word with regard to molybdenum. Molybdenum has an ad valorem duty at the present time. There is an ad valorem duty on molybdenum chemicals of 15 per cent. We are asking that that be increased to 25 per cent, which is the same amount as called for in the basket clause. Molybdenum chemicals are highly developed chemicals that take a large amount of labor, and the 15 per cent which is given in the metal schedule is not sufficient. We are asking that it be brought up to the basket clause.

Senator EDGE. You say it is not sufficient. Have you the figures there to prove that it is not sufficient?

Mr. LANSINGH. They are filed with the Tariff Commission.

Senator BARKLEY. You do not happen to have them here, though. Are they in the brief you filed?

Mr. LANSINGH. No. They are with the Tariff Commission. I did not put them in because I thought they would be too long. I will be glad to include them.

Senator EDGE. After all is said and done, the Tariff Commission does not rewrite the tariff. We can get that information from them I presume.

Mr. LANSINGH. I was trying to make the brief short; that is all.

(Mr. Lansingh submitted the following brief:)

BRIEF OF THE AMERICAN TUNGSTEN AND MOLYBDENUM REFINERS

COMMITTED ON FINANCE,

United States Senate, Washington, D. C.

SIRS: When the tariff was passed in 1922 the use of tungsten and molybdenum chemicals in the United States was small, but little attention was paid to the same, and they were all lumped with the metals of tungsten and molybdenum in Schedule 3. Since that time, however, these chemicals have become of increasing importance and their use is growing rapidly.

SODIUM TUNGSTATE AND TUNGSTIC ACID

Sodium tungstate.—The use of sodium tungstate in 1922 was negligible, but to-day over 250,000 pounds per annum are used as the base in the manufacture of fine inks, for the weighting of silks, and for other like purposes. Its growth has been and is rapid. While most of this is refined in the United States from the imported ore, considerable quantities of sodium tungstate are also imported.

Tungstic acid is also employed for the same purposes. Tungstic acid is, however, the starting point for the manufacture of tungsten metal powder. From this come all the lamp filaments used in incandescent lamps; all contact points used in every automobile and gasoline engine in the country (having replaced platinum); all the new hard metal alloys which are revolutionizing the tool practice as well as the oil-drilling business of the world. For example, during the year 1929 over 200 tons of tungstic acid will have been used in making hard metals for supplying the California oil drillers alone.

Owing, therefore, to the rapid growth of the use of these chemicals, we suggest that they be taken from the metals section where they have heretofore been classified, and made part of paragraph 92 relating to vanadium, inasmuch as all these elements—vanadium, tungsten, and molybdenum—are closely associated both chemically and in their use in industry.

DUTY ON TUNGSTEN

In the House bill the duty on tungsten ore has been increased from 45 cents to 50 cents a pound of contained tungsten, but no compensatory duty has been provided for on the chemicals made from the same. We respectfully ask that a compensatory duty be allowed by increasing the ad valorem duty from 25 to 40 per cent, which is exactly equivalent to the increase in the duty on ore. Detailed figures submitted to and on file with the Tariff Commission substantiate this statement, namely, that the increase asked for is only the necessary compensatory duty and is not an increase in the tariff on the finished chemical products.

MOLYBDENUM CHEMICALS

When the tariff act of 1922 was written a duty was levied of 50 cents per pound on the molybdenum contained and 15 per cent ad valorem. At that time practically the only use of molybdenum was in the manufacture of steels. Since then, however, molybdenum chemicals have become of more importance, and the ad valorem of 15 per cent is entirely inadequate.

Molybdenum chemicals are chiefly employed as follows:

Printing inks.—Both molybdenum oxide and sodium molybdate are used as the basis for fine inks for lithographic and similar work. Their employment this way is comparable to that of sodium tungstate.

Chemically pure laboratory reagents.—Molybdic acid and ammonium molybdate are used by all laboratories for the determination of phosphorus. This is of particular importance to the fertilizer companies and to the steel companies. Approximately 40,000 to 50,000 pounds a year are sold for this purpose alone.

Molybdenum metals.—Chemically pure molybdic oxide is the starting point for the manufacture of molybdenum metal used in the electrical and radio industries. It is also the starting point for the new hard metal alloys for cutting and drilling purposes.

Up to the present time the importations of molybdenum chemicals have been small, as there has been but little demand. Owing, however, to the

rapidly expanding uses of molybdenum products, which must go through a number of costly refining processes, they should carry a duty not less than that called for in the basket paragraph 5, Schedule 1, which provides for a duty of 25 per cent ad valorem. We, therefore, respectfully request that the ad valorem portion of the duty on molybdenum chemicals be increased from 15 to 25 per cent.

We suggest, therefore, that paragraph 92 be amended by the addition of two new sections relating to tungsten and molybdenum, reading as follows:

PAR. 92. (b) Tungstic acid, tungstic anhydride, tungsten salts, tungsten compounds, and mixtures or compositions of or containing the foregoing, not specially provided for, 60 cents per pound on the tungsten contained therein and 40 per cent ad valorem.

(c) Molybdic acid, molybdic anhydride, molybdenum salts, molybdenum compounds, and mixtures or compositions of or containing the foregoing, not specially provided for, 50 cents per pound on the molybdenum contained therein and 25 per cent ad valorem.

Respectfully submitted for the American tungsten and molybdenum refiners.

VAN RENSSELAER LANSINGH,
President York Metal and Alloys Co.

PINE TAR

[Par. 98]

STATEMENT OF CLIFTON KOLB, REPRESENTING THE GLIDDEN CO., CLEVELAND, OHIO

(The witness was duly sworn by the chairman of the subcommittee.)

Senator SMOOT. You appeared before the House?

Mr. KOLB. Yes.

Senator REED. What paragraph?

Mr. KOLB. I wish to speak about pine tar, which was on the free list. The House bill provided for a duty of 1 cent per pound. We desire to ask that that be increased to 2 cents per pound.

Senator BARKLEY. Why?

Mr. KOLB. Briefly, there are three reasons for that. According to the investigations made by the Tariff Commission the imports of pine tar have increased from 278 barrels of 280 pounds each in 1923 to 14,577 barrels in 1928. You will find that on page 2617. Now, the price has decreased from \$20 in 1923 to \$7.29 in 1928.

Along about 1924 the rubber trade started to use pine tar in the manufacture of rubber tires and reclaiming old rubber. That created a demand for pine tar that had never existed before. The industry in the United States had been small up to that time and had never been very successful. They had their ups and downs. Desiring to supply tar to meet this rubber demand the people at Cleveland and other places took over some of the old plants and started to produce pine tar suitable for the rubber trade. As soon as this became evident to people in Russia and Finland and to the importers in New York they started to bring in the production of Russia and Finland, which was at that time a little inferior to our grading, because we manufactured tar for the rubber trade on a chemical analysis basis.

The foreign tar is made by the peasants of wood, which they burn and gather the tar in a rough way, and it contains wood and chips and things of that kind. But the importers in New York and the people at Danzig and Archangel knew about this situation, and they

have now started to grade the tar. They get it in from various parts of Russia and Finland and Poland and grade it so that it is now available for the rubber trade. It is not graded quite as well as ours, but it meets the competition.

We have lost all of the cordage trade. We have no more cordage business because all the foreign tar is used for that purpose.

The only way we have been able to meet this foreign competition is to point out to the rubber people that they should have chemically analyzed tar. That has helped us somewhat. We have curtailed production and we have reduced our prices.

We find now that the Russian Government is desirous of clearing more land and is insisting that more tar be sent into the United States, and in spite of what we can do we are fearful that we are going to have to shut down our plants if we can not meet the competition.

Senator EDGE. Have you the figures there?

Mr. KOLB. I can give you the figures of the cost.

Senator REED. Your prices have increased since 1923?

Mr. KOLB. No, sir; our prices have decreased from \$20 in 1923 to \$7.29 in 1928; that is, the price of foreign tar in New York. We have to meet that.

Senator BARKLEY. The production in this country has increased?

Mr. KOLB. No; not since 1925. The production then was 5,800,000 available for sale, and the production to-day is around the same figure. Some plants have closed down, others have been courageous enough to try to get into the business. But since 1925 there has been no increase.

Senator EDGE. Do you mean to say that the importation from Russia or other countries forced your price down from \$20 a barrel to—what did you say?

Mr. KOLB. No; it did not force our price down, Senator Edge. That is the price that the tar was offered at in New York, and it is the price we had to reduce ours to. We reduced ours from about 33 cents in 1925 down to where at the present time we are selling at around 22 cents.

Senator EDGE. That is, a gallon?

Mr. KOLB. Yes; a gallon. We have not had to come down to their price, but we have had to lower our price. The cost of foreign tar at Danzig we find from our investigation is 11 cents a gallon. Now, the best we are able to produce here in the United States anywhere in our plants is around 28 cents a gallon.

Senator BARKLEY. Do we not ship a considerable portion of our production?

Mr. KOLB. Our exports have decreased. At the present time we are exporting a little to Canada and some to France, but that is all.

Senator BARKLEY. Do not the exports equal or exceed the imports?

Mr. KOLB. I do not believe so. I know our own companies are not exporting any because they can not meet competition. I have given you the cost in Danzig at 11 cents a gallon, and our cost is around 27 to 28 cents. That leaves a spread of 16 cents, to say nothing of any profit. A gallon of tar weighs about 8.9 pounds. All we want is to be placed somewhere near their cost.

Senator EDGE. Adding your figures together, what do you consider it would cost per gallon landed in New York?

Mr. KOLB. Their cost?

Senator EDGE. Their cost per gallon.

Mr. KOLB. Their cost for a 280-pound barrel, which contains 31 gallons, is \$3.42.

Senator EDGE. Per barrel?

Mr. KOLB. Yes. Our cost, delivered in New York, is around \$9. Two cents a pound on that sort of a barrel would be \$5.60, which would make up the difference; would allow us just to compete with them on the basis of cost. Now we rely on chemical analysis and our own skill in selling to compete with them.

Senator REED. Where is your plant, sir?

Mr. KOLB. One of the companies I represent is the Georgia Pine Turpentine Co., which has a plant in North Carolina and one in Georgia; and the other, the Wood Chemical Products Co., has two plants in Florida and two in Alabama. The American Turpentine & Tar Co. is at New Orleans, La., and the Pitch Pine Products Co. is at Tampa, Fla.

Senator EDGE. What did you say the increase of imports in the last few years and been; that is, since they have improved the quality of their product?

Mr. KOLB. Here is the way it worked out according to the Tariff Commission figures: 278 barrels in 1923, 917 barrels in 1924, 6,591 barrels in 1925, 40,000 barrels in 1926, and 18,745 in 1927.

Senator EDGE. Why did that decrease?

Mr. KOLB. I am inclined to think that our efforts to get the rubber people to buy tar on a chemical-analysis basis shut off some of that importation at that time.

Senator EDGE. Did you reduce your price at the same time.

Mr. KOLB. Yes; we did. Tar will keep indefinitely in the barrel, and I think the importers lost some business, and they carried that over until they started.

Senator EDGE. They decreased from 40,000 to 18,000?

Mr. KOLB. They carried that over until they commenced to grade the tar, which now offers us more competition.

Senator EDGE. What was the final year?

Mr. KOLB. 1928—14,577 barrels. I do not know what 1929 is.

Senator EDGE. They are still going down?

Mr. KOLB. I have not been able to get any figures for 1929, but we are given quotations which are very close to that \$7 figure.

Senator REED. That is at New York?

Mr. KOLB. Yes.

Senator REED. You see your difficulty is the same as the cement manufacturers. The House refused to protect them at distant points like Miami. And I am wondering whether it is logical for us to protect you at distant coastal points. What is your freight to New York per barrel?

Mr. KOLB. Our freight to New York is about 4 or 5 cents per gallon; \$1.30 for a 280-pound barrel. But the freight from Danzig or Archangel to New York is the same thing. In other words, the ocean freight, while you would think it is large, is just the same as from Jacksonville.

Senator REED. Do you ship by coastwise steamer or by rail?

Mr. KOLB. Yes; we can ship by boats or we can ship by rail. As far as total production in the United States is concerned it is about 125,000 barrels now. Those are 50-gallon barrels.

There is one other thing that I want to bring to your attention. That is that these plants are located in regions where we use down timber and stumps. A pine stump never rots. You have to dig it out of the ground. It has too much resin in it. We go into an area and we buy their down timber or stumps. The farmers receive from \$5.50 to \$10 per cord. They make a little profit on that. They also get the down wood and stumps out of the woods, which reduces the fire hazards and aids the reforestation. It is something that helps the farmer. We are taking a waste product and converting it. And we will very much appreciate this kind of protection.

Senator SMOOT. All right, thank you.

Mr. KOLB. I wish to file a brief.

Senator SMOOT. Very well.

(Mr. Kolb submitted the following brief:)

BRIEF OF THE PITCH PINE PRODUCTS (INC.), TAMPA, FLA.; AMERICAN TURPENTINE & TAR CO. (LTD.), NEW ORLEANS, LA.; WOOD CHEMICAL PRODUCTS CO., JACKSONVILLE, FLA.; AND GEORGIA PINE TURPENTINE CO., FAYETTEVILLE, N. C.

To Committee on Finance, United States Senate, Washington, D. C.:

GENTLEMEN: This brief is presented on behalf of Pitch Pine Products (Inc.), American Turpentine & Tar Co. (Ltd.), Wood Chemical Products Co., and Georgia Pine Products Co., corporations engaged in the manufacture of pine tar in the States of North Carolina, Georgia, Alabama, Florida, and Louisiana, having an investment in the industry of approximately \$2,750,000, and employing a force under normal operating conditions of more than 1,000 people, with an annual pay roll in excess of \$1,000,000.

These corporations earnestly request that a duty of 2 cents per net pound be placed upon wood tar, pine tar, wood-tar oil, wood pitch, and all other products made from wood by the destructive distillation of kiln processes, for the reasons summarized as follows:

1. From 1923 to 1928 the importation of pine tar into the United States increased from 278 barrels of 280 pounds each to 14,577 barrels. During the same period the price of foreign tar delivered in New York declined from \$20.91 per 280-pound barrel to \$7.29.

2. Agriculture, to which the industry is closely related, will be benefited through the sale of stumps and down wood at a profit, and the clearing of timberland of dead and down wood, which will reduce the forest-fire hazard and aid reforestation.

3. The cost of a 280-pound barrel of foreign pine tar at Danzig or Archangel is \$3.42. The average cost of the same barrel of pine tar produced in the United States is about \$8.68.

4. The industry is entitled to protection because it converts a product which covers millions of acres and is absolute waste to useful purposes; it increases the value of lands, and it gives employment to thousands of people.

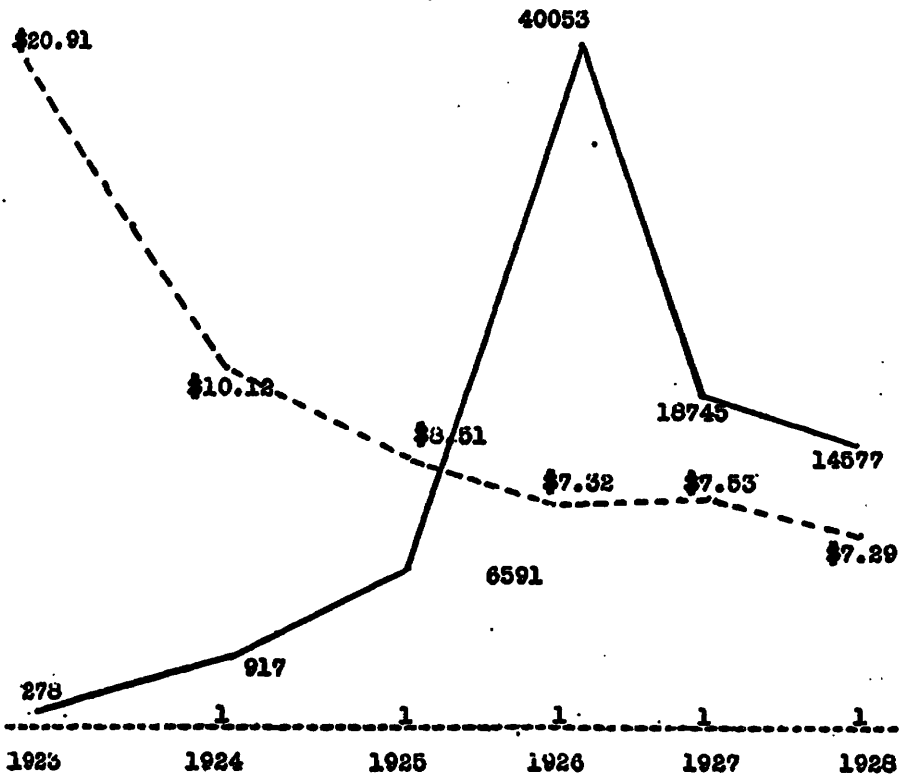
INCREASE IN IMPORTATIONS AND DECLINE IN PRICE

The chart given on the following page proves beyond question that the importation of pine tar has increased enormously since 1923, and that the price of the foreign tar delivered in New York has declined since 1923 from \$20.91 for a 280-pound barrel to \$7.29 in 1928. The figures given were taken from page 2617 of the Summary of Tariff Importations of 1929 on tariff act of 1922 by United States Tariff Commission. You will note that during the year 1923, 278 barrels of 280 pounds each were imported and the price was \$20.91. During the year 1928, 14,577 barrels were imported and the price was \$7.29 per barrel.

There has been no increase in production in the United States since 1925, and producers are cutting prices to meet the foreign competition and keep their plants running with the hope that relief in the form of a protective tariff will be granted before they find it necessary to close down.

BENEFIT TO AGRICULTURE AND REFORESTATION

There is no industry in the South that is more helpful to the farmer, to reforestation, and to the reduction of the forest-fire hazard than the manufacture of pine tar and other pine products owing to the fact that it enables the farmer to clear his land of stumps and get it ready for farming. The removal of the stumps and dead and down wood reduces the forest-fire hazard and aids reforestation through allowing small trees to grow. A pine stump never rots out, due to the amount of turpentine tar and rosin it contains, and it necessarily



--- Volume in barrels of 280 pounds each

----- Price per barrel of 280 pounds at New York.

has to be dug or blasted out with dynamite. The farmers receive from \$5.50 to \$10 per cord, which is more than the cost of getting the stumps out of the ground.

We are informed that the Russian Government has recently ordered that more land be cleared for agricultural purposes and that the timber be used for making pine tar in order that some return may be secured from the process. Pressure has also been brought to bear to sell the pine tar secured in the United States. There are millions of acres of such land in Russia, Poland, and Finland, and the potential supply of pine tar that can be produced at peasant labor prices is enormous. Unless protection is given to the industry the clearing of farm land in the localities where the plants are located and the reforestation program will be greatly retarded if not entirely eliminated.

If a duty is placed on pine tar now, plants in the United States can continue operations to the benefit of the farmers in those sections where the plants are located; otherwise foreign competition, which is increasing by leaps and bounds, will make it necessary for the plants to operate at a loss or close down.

COMPARISON OF COSTS

Pine tar never brought a sufficient price until rubber manufacturers found they could use it to advantage in reclaiming old rubber and in compounding new. This new demand, combined with the older limited uses of the cordage trade, insecticide manufacture, medicinal uses, etc., gave the manufacturers a reasonable profit until foreign tars began to lower the price and narrow the profit margin.

You will observe that the foreign price at New York in 1928 for a barrel of pine tar weighing 280 pounds was \$7.29. The cost of pine-tar manufacture in any one of the modern plants of the United States, delivered in New York, is about 30 to 32 cents per gallon, or from \$9.30 to \$9.92 per 280-pound barrel. The cost of foreign pine tar at Danzig and Archangel is about 11 cents per gallon, or about \$3.42 per barrel. The freight to New York from Danzig and from Archangel is about \$1.35 per 280-pound barrel, which makes the cost in New York about \$4.77. The difference between \$4.77 and \$7.29 represents the profit during 1928 to the foreign shipper. The importers in New York are now securing graded tar which is in direct competition with our product, and the question of quality is no longer a factor of any consequence.

In order to place manufacturers of pine tar in the United States on an equal basis with this foreign competition, to say nothing of the profit they are entitled to, it will be necessary that a duty of at least 2 cents per pound, or \$5.60 per 280-pound barrel, be placed on foreign pine tar.

BENEFITS RESULTING FROM DUTY ON PINE TAR

The importation of pine tar has become a very serious problem for manufacturers of pine tar in the United States. Sales have been restricted, prices reduced, and production curtailed to the minimum. If the importation increases, some of the plants in the United States must shut down, which will result in unemployment and loss to farmers who supply the wood in the localities where the plants are located. This situation can all be changed by a duty which will place manufacturers in the United States on an even basis with foreign competition. The industry is located in a territory where there are very few manufacturing plants and the people need the employment. The industry is of great help to the farmers, because it provides a market for stumps and dead wood and will assist in the clearing of the land for agricultural purposes at a profit to the owner, reduce the hazard of forest fires, and aid reforestation.

The industry has been endeavoring to secure a duty on pine tar since 1926 and the situation has become extremely serious. We are only asking for a duty which will be sufficient to place foreign tar on a basis which will enable manufacturers in the United States to meet foreign prices and secure their share of the business. All manufacturers of pine tar in the United States will be directly benefited by such a duty.

We most earnestly request that a duty of 2 cents per net pound be placed on wood tar, pine tar, wood-tar oil, wood pitch, and all other products made from wood by the destructive distillation or kiln processes.

Respectfully submitted.

PITCH PINE PRODUCTS (INC.).
 AMERICAN TURPENTINE & TAR CO. (LTD.).
 WOOD CHEMICAL PRODUCTS CO.
 GEORGIA PINE TURPENTINE CO.
 CLIFTON M. KOLB, *Cleveland, Ohio.*
 D. C. GILLET, *Tampa, Fla.*

COMPARATIVE RATES OF DUTY AND EQUIVALENT AD VALOREM RATES IN THE TARIFF ACT OF 1922 AND IN THE BILL H. R. 2667 AS PASSED BY THE HOUSE OF REPRESENTATIVES BASED UPON IMPORTS FOR CONSUMPTION DURING THE CALENDAR YEAR 1928

ARRANGED ACCORDING TO SCHEDULES AND PARAGRAPHS IN THE BILL H. R. 2667. COMPILED BY THE UNITED STATES TARIFF COMMISSION

SCHEDULE 1.—Chemicals, oils, and paints—Summary by paragraphs of rates of duty in the tariff act of 1922 and H. R. 2667

[The equivalent ad valorem rates are calculated from the quantity and value of imports in the calendar year 1928]

Para- graph, act of 1922	H. R. 2667	Commodity	Unit of quantity	Imports, calendar year 1928		Computed duties on 1928 imports		Rate of duty ¹		Actual or com- puted ad valo- rem rate	
				Quantity	Value	Act of 1922	H. R. 2667	Act of 1922	H. R. 2667	Act of 1922	H. R. 2667
1 1501 1501	1	Acids and acid anhydrides.....	Pound.....	23,875,211	\$2,685,400	\$625,702	\$641,325	(?).....		Per cent	Per cent
		Chromic acid.....	do.....	99,617	24,547		6,137	Free.....	25 per cent.....	\$ 10.58	23.98
		Nitric acid.....	do.....	377,908	15,838		1,890	Free.....	1/2¢ per lb.....	Free.	25.00
		Total, par. (H. R.) 1.....		27,352,736	2,725,794	525,702	649,352			19.30	23.82
2	2	Acetaldehyde and derivatives, ethylene, propylene, and butylene derivatives.	Pound.....	93,292	15,884	10,363	10,363	6¢ per lb.+30%	6¢ per lb.+30%	65.24	65.24
3	3	Acetone, ethyl methyl ketone and homologues and acetone oil.	do.....	37,898	4,650	1,163	1,163	25%.....	25%.....	25.00	25.00
4	4	Alcohols.....	do.....	2,994,807	149,790	75,003	75,003	(?).....		\$ 50.07	50.07
5	5	Basket paragraph.....	do.....	15,452,987	2,263,453	565,865	565,807	25%.....		25.00	25.00
6	6	Aluminium compounds.....	do.....	2,849,943	68,096	18,130	18,130			25.62	25.62
7	7	Ammonium compounds.....	do.....	109,990,676	2,605,196	502,882	509,667			19.30	19.56
8	8	Antimony compounds.....	do.....	5,287,112	448,156	115,665	115,665			25.81	25.81
9	9	Argols, tartar, wine lees, cream of tartar, rochelle salts.	do.....	19,069,610	1,895,297	103,635	10,720			5.47	.57
10	10	Balsams.....	do.....	381,559	182,875	18,288	18,288	10%.....	10%.....	10.00	10.00
11	11	Amber, gum arabic, and synthetic gums and resins, n. s. p. l.	do.....	⁴ 9,557,341	⁴ 771,587	48,763	48,763			6.33	6.33
1604		Bleached shellac.....	do.....	⁵ 69,000	⁵ 41,400		3,290	Free.....	20%.....	Free.	20.00
		Total, par. (H. R.) 11.....	do.....	9,626,341	812,987	48,763	57,043			6.00	7.02

¹ Rates of duty are not given when more than one rate is contained in the paragraph.

² Rate on oxalic acid changed by presidential proclamation from 4 cents to 6 cents per pound, effective Jan. 28, 1925.

³ Rate on methyl alcohol changed by presidential proclamation from 12 cents to 18 cents a gallon, effective Dec. 27, 1926.

⁴ Imports of synthetic gums and resins not included—data not available.

⁵ Estimated.

SCHEDULE 1.—Chemicals, oils, and paints—Summary by paragraphs of rates of duty in the tariff act of 1922 and H. R. 2667—Continued

[The equivalent ad valorem rates are calculated from the quantity and value of imports in the calendar year 1923]

Para- graph, act of 1922	H. R. 2667	Commodity	Unit of quantity	Imports, calendar year 1923		Computed duties on 1923 imports		Rate of duty		Actual or com- puted ad val- orem rate	
				Quantity	Value	Act of 1922	H. R. 2667	Act of 1922	H. R. 2667	Act of 1922	H. R. 2667
5, 12	12	Barium compounds.....	Pound.....	15, 746, 085	\$374, 900	\$300, 318	\$265, 393	(?)		Per cent	Per cent
13	13	Cleaning or polishing preparations.....	do.....	534, 068	151, 589	32, 598	32, 598	25%	25%	72.85	96.52
14	14	Bleaching powder.....	do.....	3, 166, 956	79, 577	9, 501	9, 501	3/10¢ per lb.	3/10¢ per lb.	25.00	25.00
5, 15	15	Caffeine and its compounds, tea waste, theobromine.....	do.....	5, 025, 124	265, 107	69, 925	96, 152			11.89	11.89
5, 16	16	Calcium carbide and calcium oxalate.....	do.....	2, 527, 215	91, 975	25, 272	25, 272			26.38	27.02
17	17	Mercurial preparations.....	do.....	26, 268	34, 807	15, 663	14, 479	45%	22¢ per lb. + 25%	27.48	27.48
18	18	Carbon tetrachloride, chloroform, tetra and trich- loroethylene.....	do.....	201, 271	11, 998	4, 177	4, 177			45.00	41.60
19	19	Casein and casein mixtures.....	do.....	23, 612, 360	3, 674, 303	715, 309	715, 309	2 3/4¢ per lb.	2 3/4¢ per lb.	34.81	34.81
20	20	Chalk and its manufactures, whiting, putty.....	do.....	84, 366, 851	297, 445	75, 172	350, 498			19.47	19.47
21	21	Gold, platinum, rhodium, and silver compounds and mixtures.....	do.....	6, 775	20, 944	5, 236	5, 236	25%	25%	25.27	117.84
22	22	Bismuth compounds and mixtures.....	do.....	8, 168	16, 336	5, 718	5, 718	25%	25%	25.00	25.00
23	23	Medicinal products in capsules, pills, etc.....	do.....	429, 524	866, 944	216, 736	216, 736	35%	35%	25.00	25.00
24	24	Alcoholic preparations.....	do.....	1, 359, 816	665, 371	665, 562	665, 562	25%	25%	25.00	25.00
25	25	Chicle.....	do.....	8, 709, 252	4, 482, 932	870, 925	870, 925			100.03	100.03
26	26	Chloral hydrate, terpin hydrate, thymol, glyco- phosphoric acid and compounds, urea, diethyl- barbituric acid and compounds.....	do.....	1, 582, 685	371, 670	111, 074	86, 076	(?)		19.43	19.43
27	27	Coal-tar intermediates.....	do.....	2, 437, 365	999, 050	521, 949	495, 182			52.23	49.57
28	28	Dyes and finished coal-tar chemicals.....	do.....	6, 425, 219	7, 422, 501	3, 790, 331	3, 790, 331	7¢ per lb. + 45%	7¢ per lb. + 45%	51.07	51.07
29	29	Cobalt compounds.....	do.....	432, 435	732, 746	79, 707	79, 707			10.88	10.88
30	30	Cellulose esters and solutions of pyroxylin.....	do.....	167, 500	137, 204	58, 625	58, 625	35¢ per lb.	35¢ per lb.	42.73	42.73
31	31	Pyroxylin plastics, cellulose acetate, and compounds, and transparent sheets of cellulose.....	do.....		\$2, 020, 055	971, 420	1, 073, 525			48.09	53.16
32	32	Vulcanized fiber.....	Pound.....	1, 429	506	177	177	35 per cent.	35 per cent.	35.00	35.00
33	33	Compounds of casein, unfinished and finished.....	do.....	95, 057	182, 569	82, 017	126, 555			44.92	69.32
34	34	Drugs, advanced in value.....	do.....	920, 662	182, 101	18, 210	18, 210	10 per cent.	10 per cent.	10.00	10.00
35	35	Aconite, aloe, maté, pyrethrum, etc., advanced in value.....	do.....	153, 155	28, 941	2, 894	2, 894	do.	do.	10.00	10.00
36	36	Buchu leaves, coca leaves, gentian, licorice root, sarsaparilla root, belladonna, digitalis, henbane, stramonium.....	do.....	70, 662, 078	1, 979, 303	402, 367	48, 246			20.33	2.44

37	37	Ergot.....	do	299,399	299,983	29,937	29,937	10 cents per pound.	10 cents per pound.	10.08	10.08
38	38	Ethers and esters.....	do	6,057,696	822,657	205,665	404,861			25.00	49.18
39	39	Extracts, dyeing and tanning.....	do	99,327,305	4,507,893	676,184	676,184	15 per cent.	15 per cent.	15.00	15.00
40	40	Flavoring extracts.....	do	62,449	50,177	12,544	12,544	25 per cent.	25 per cent.	25.00	25.00
41	41	Formaldehyde, incl. solid; hexamethylenetetramine.....	do	70,732	15,024	5,348	5,348			35.00	35.00
42, 1459	42	Edible gelatin, glue, pectin, isinglass and other fish sounds.....	do	13,631,622	2,634,158	830,157	993,993			31.51	37.78
43	43	Glycerin, crude and refined.....	do	8,796,700	781,825	128,768	128,768			16.47	16.47
44	44	Ink and ink powders, n. s. p. l.....	do	678,078	92,875	17,406	17,406			18.74	18.74
45	45	Iodine, resublimed.....	do	3	15	1	1	20¢ per lb.	20¢ per lb.	4.00	4.00
46	46	Bromine and bromine compounds, n. s. p. l.....	do	334,166	97,741	33,417	33,417	10¢ per lb.	10¢ per lb.	34.19	34.19
47	47	Lead salts.....	do	235,739	21,531	6,667	6,667			30.95	30.95
48	48	Licorice, extracts of.....	do	1,103,309	215,363	53,841	53,841	25%	25%	25.00	25.00
49	49	Lime, citrate of.....	do	(¹)	(¹)			7¢ per lb.	7¢ per lb.		
1610	49	Citrus juice, unfit for beverage purposes.....	do	3,111,046	289,315		155,552	Free	Free	Free	57.76
50	50	Magnesium compounds.....	do	16,843,507	181,149	104,923	167,758			57.92	92.61
1603	50	Kieserite.....	do	(¹)	(¹)			Free	Free		
51	51	Manganese compounds.....	Found	315,110	15,557	3,889	3,889	25 per cent.	25 per cent.	25.00	25.00
52	52	Menthol and camphor.....	do	8,078,858	3,945,694	372,228	318,270			94.34	80.66
53	53	Animal oils, including marine animals; wool grease.....	do	104,879,955	5,529,440	786,393	869,718			14.22	15.73
1630		Spermaceti wax.....	do	115,856	27,805		6,951	Free	6 cents per pound.	Free	25.00
		Total, paragraph (H. R.) 53.....	do	104,995,811	5,557,245	786,393	876,669			14.15	15.78
54	54	Castor, hemp seed, linseed, olive, poppy seed, rape seed, vegetable oils, n. s. p. l.....	do	102,612,798	17,074,182	6,105,500	6,599,632			38.76	38.65
55	55	Coconut, ¹² cottonseed, peanut, soy-bean oil.....	do	14,867,308	1,070,106	404,674	719,353			37.82	67.22
1632		Palm-kernel oil (edible).....	do	53,812	4,369		538	Free	1 cent per pound.	Free	12.32
1632		Sesame oil.....	do	6,264,113	667,902		137,923	Free	3 cents per pound.	Free	28.14
		Total, paragraph (H. R.) 55.....	do	21,185,233	1,742,377	404,674	907,814			23.28	52.10

¹ Estimated.

² Rate on barium dioxide changed by presidential proclamation from 4 to 6 cents per pound June 18, 1924. Rate on barium carbonate, precipitated, changed by presidential proclamation from 1 cent to 1½ cents per pound, effective Apr. 25, 1923.

³ Rate on diethylbarbituric acid transferred to American selling price, effective Nov. 20, 1924.

⁴ Rate on cresylic acid decreased from 40 per cent ad valorem and 7 cents per pound based on American selling price to 20 per cent and 3½ cents, Aug. 19, 1927. Same change on phenol, effective Nov. 30, 1927.

⁵ No imports for 1928.

¹² Linseed oil includes a compensatory duty for the duty on flaxseed.

¹³ Duty fee imports from the Philippine Islands in 1928 amounted to 290,636,702 pounds, valued at \$23,061,357.

SCHEDULE 1.—Chemicals, oils, and paints—Summary by paragraphs of rates of duty in the tariff act of 1922 and H. R. 2667—Continued

[The equivalent ad valorem rates are calculated from the quantity and value of imports in the calendar year 1922]

Para- graph, act of 1922	H. R. 2667	Commodity	Unit of quantity	Imports, calendar year 1922		Computed duties on 1922 imports		Rate of duty		Actual or com- puted ad valo- rem rate	
				Quantity	Value	Act of 1922	H. R. 2667	Act of 1922	H. R. 2667	Act of 1922	H. R. 2667
56	56	Alizarin assistants, and sulphonated oils.....	Pound.....	80,316	96,329	\$2,215	\$2,215	35%-----	35%-----	Per cent	Per cent
57	57	Hydrogenated and chemically treated oils and fats.....	do.....	519,890	28,160	5,627	5,627	-----	-----	35.00	35.00
58	58	Combinations and mixtures of oils, n. s. p. f.....	do.....	4,654,785	303,527	75,852	75,852	-----	-----	19.88	19.88
59	59	Oils, distilled or essential.....	do.....	1,458,338	2,109,473	527,372	527,372	25%-----	25%-----	25.00	25.00
60	60	Opium, cocaine, and their derivatives.....	do.....	102,966	648,316	308,958	308,958	do.....	do.....	25.00	25.00
61	61	Perfume materials.....	do.....	501,427	1,938,220	905,021	905,021	-----	-----	47.66	47.66
62	62	Perfumery and cosmetics.....	do.....	1,480,861	2,295,263	1,797,969	1,797,969	-----	-----	44.69	44.69
63	63	Floral waters.....	do.....	223,200	19,636	3,993	3,993	-----	-----	78.33	78.33
64	64	Paris green and London purple.....	do.....	13,279	19,636	3,993	3,993	-----	-----	20.34	20.34
5,65	65	Phosphorus, phosphorus oxychloride and trichlo- ride.....	do.....	146,466	40,543	9,936	10,915	15%-----	-----	15.00	-----
66	66	Plasters, healing.....	do.....	8,445	10,418	2,084	2,084	-----	-----	24.51	24.51
67	67	Paints, colors, and pigments, artists' school, students' or children's.....	do.....	335,246	249,310	103,806	163,909	20%-----	20%-----	20.60	20.60
68	68	Pigments, colors, stains, and paints, n. s. p. f.....	do.....	1,982,525	180,296	37,576	37,576	-----	-----	41.64	65.75
69	69	Barytes ore and precipitated barium sulphate.....	do.....	137,684,784	393,057	314,930	333,529	25%-----	25%-----	25.00	25.00
70	70	Blue pigments and ultramarine blue.....	do.....	961,247	120,608	30,189	30,189	-----	-----	30.12	34.80
71	71	Bone char, blood char, and decolorizing, deodorizing, or gas-absorbing carbons.....	do.....	2,281,244	131,119	26,224	51,994	20%-----	-----	25.02	25.02
72	72	Chrome colors.....	do.....	147,317	32,326	8,082	8,082	-----	-----	20.60	39.65
73	73	Gas black, lampblack, and black pigments, n. s. p. f.....	do.....	1,794,911	71,675	14,335	14,335	25%-----	25%-----	25.00	25.00
74	74	Lead pigments.....	do.....	298,800	23,338	7,528	7,528	20%-----	30%-----	20.00	20.00
75	75	Ochers, siennas, and umbers; iron-oxide and hy- droxide pigments.....	do.....	53,182,539	1,106,067	204,196	204,196	-----	-----	29.71	29.71
76	76	Satin white and precipitated calcium sulphate.....	do.....	4,712	210	24	24	-----	-----	18.46	18.46
77	77	Spirit varnishes.....	Gallon.....	28,700	49,933	12,664	12,664	1/2¢ per lb.....	1/2¢ per lb.....	11.22	11.22
5,78	78	Vermillion reds and cuprous oxide.....	Pound.....	357,598	172,726	38,193	62,466	-----	-----	25.95	25.95
79	79	Zinc oxide and lithopone.....	do.....	22,681,019	1,042,377	397,986	438,396	-----	-----	22.11	26.16
5,80	80	Potassium compounds.....	do.....	52,984,310	2,462,866	619,449	1,167,263	-----	-----	28.18	42.05
81	(10)	Santonin and salts.....	do.....	1,845	218,064	1,384	-----	(10)-----	-----	25.15	47.40
1562	81	Sodium and potassium.....	(10)-----	-----	-----	-----	-----	75¢ per lb.....	Free.....	Free.....	Free.....
82	82	Soap and soap powder.....	Pound.....	6,988,097	1,185,715	265,970	265,970	(10)-----	25%-----	25.00	25.00
5,83	83	Sodium compounds.....	do.....	107,135,572	1,307,786	330,045	462,625	-----	-----	22.43	22.43
84	84	Hydro-sulphites and sulphorylates.....	do.....	389,571	65,562	28,994	28,994	(10)-----	-----	35.70	37.63
85	85	Starch.....	do.....	19,683,263	737,287	318,284	468,410	35%-----	25%-----	35.60	35.60
86	86	Dextrine, dextrine substitutes, and soluble starch.....	do.....	2,843,619	144,179	48,267	70,184	-----	-----	42.89	42.89

87	87	Strontium compounds.....	do.	1,822,628	105,404	26,281	26,281	26%	26%	26.00	26.00
88	88	Strychnine, and salts of.....	Ounces	29,140	8,267	4,221	8,228	15¢ per oz.	20¢ per oz.	47.15	62.55
89	89	Thorium and cerium compounds, gas-mantle scrap.....	Pounds	113,287	22,343	7,819	7,819	35%	35%	35.00	35.00
90	90	Tin compounds.....	do.	5	5	1	1	25%	25%	25.00	25.00
91	91	Titanium compounds.....	do.	123,162	20,136	6,041	6,041	30%	30%	30.00	30.00
5	92	Vanadium compounds.....	do.	10	41	10	16	25%	40%	25.00	40.00
92	93	Vanilla and tonka beans.....	do.	1,496,974	2,238,642	439,970	439,970	25%	25%	19.22	19.22
93	94	Zinc chloride, sulphate, and sulphide.....	do.	2,829,439	123,296	29,948	35,019	25%	25%	24.29	28.40
5	95	Collodion emulsion.....	do.	(¹¹)	(¹²)	7,312	7,312	25%	25%	25.00	25.00
387	96	Azides, fulminates, and other like articles, n. s. p. f.....	do.	58,493	116,945	47	47	12½¢ per lb.	12½¢ per lb.	6.25	6.25
388	97	Dynamite and other high explosives, suitable for blasting.....	do.	3,750	930	47	47	1½¢ per lb.	1½¢ per lb.	5.04	5.04
1681	98	Wood tar and pitch of wood, and tar oil from wood.....	do.	4,081,580	106,257	40,816	40,816	Free.	1¢ per lb.	Free.	38.41
Total, Schedule 1.....					94,318,991	27,686,466	30,534,735			29.35	32.37

¹¹ The rate and amount of duty indicated under H. R. 2667 is a minimum, owing to the provision that any combination or mixture in this paragraph shall be dutiable at 25 per cent "but not less than the rate applicable to the component material subject to the highest rate of duty."

¹² No imports of London purple in 1923.

¹³ Rate on potassium chlorate increased from 1½ cents to 2½ cents per pound May 11, 1925, by presidential proclamation. Rate on potassium permanganate changed by presidential proclamation from 4 cents to 6 cents per pound, effective Dec. 16, 1923.

¹⁴ Santonin salts transferred to paragraph 1751 in H. R. 2667.

¹⁵ Imports not segregated.

¹⁶ Paragraph 5 to Dec. 4, 1923, thereafter free, by court decision.

¹⁷ Rate on sodium nitrate changed by presidential proclamation from 3 cents to 4½ cents per pound, effective Jan. 3, 1924.

Rate on sodium silicofluoride changed by presidential proclamation from 25 per cent of foreign valuation to the same rate based on American selling price, effective Sept. 15, 1923.

SUPPLEMENT

CHEMICALS IN GENERAL

BRIEF OF PARKE, DAVIS & CO., DETROIT, MICH.

SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: This statement is filed by Parke, Davis & Co., the world's largest maker of pharmaceutical and biological products, all of which products are sold to druggists, physicians, and hospitals for the treatment of the sick. The pharmaceutical and biological preparations manufactured by Parke, Davis & Co. are prescription products, as distinguished from so-called proprietary medicines for self-administration. Consequently, an increase in the duty on any of the ingredients entering into any of these products places an additional burden upon the sick. Inasmuch as the materials which Parke, Davis & Co. imports from foreign sources are so varied, coming under practically every schedule of the tariff act of 1922, it is deemed proper to address this statement to all phases of the tariff revision in which Parke, Davis & Co. is interested.

CHEMICALS, PARAGRAPH 5—PHARMACEUTICALS, PARAGRAPH 23

The domestic chemical manufacturers have asked for an increase from 25 to 40 per cent ad valorem on all materials imported under paragraph 5, commonly called the chemical basket clause. A great many of the ingredients entering into pharmaceutical products are imported under this paragraph and it is earnestly urged that your committee carefully consider the necessity of the proposed increase in duty. While it is felt that there is no necessity for such increase, nevertheless, if your committee should reach the conclusion that such an increase is necessary, then it is respectfully requested that your committee give careful consideration to a corresponding increase in duty under paragraph No. 23, which is sometimes referred to as the pharmaceutical basket clause. By a corresponding increase is meant an advance from 25 per cent ad valorem to 40 per cent ad valorem. The reason for this request is so obvious that it hardly seems to warrant explanation. However, it is apparent that if pharmaceutical manufacturers are compelled to pay more for the ingredients entering into their products, by reason of an increase in duty under paragraph 5, it naturally follows that pharmaceutical manufacturers are justified in requesting a corresponding increase in the finished products of foreign manufacture which might flood the American market.

ERGOT—PARAGRAPH 31

The duty on ergot is now 10 cents per pound. Large quantities are used in this country, and it is obtained entirely from foreign sources. Most importations originate in Spain, Portugal, Russia, and Poland. Inasmuch as there is no American industry to protect, and no ergot is produced in the United States, it seems proper to request that the duty of 10 cents per pound, provided under paragraph 31, of the tariff act of 1922, be removed.

The tariff Commission has available in its files, information which it is believed will support this request.

BUCHU, BELLADONNA, HENBANE, DIGITALIS, LICORICE ROOT, PARAGRAPH 36

Buchu is now dutiable at 10 cents per pound, and is obtained entirely from foreign sources. There are no domestic sources whatever. The duty on buchu should be removed.

Belladonna, henbane, and digitalis are now dutiable at 25 per cent ad valorem. When the tariff act of 1922 was enacted there was an infant industry in California producing these raw materials, but this industry has since failed and, conse-

quently, the basis for duty is now removed. It is recommended, therefore, that the duty be eliminated and these crude drugs be permitted to enter the United States free of duty. Licorice root, another crude drug which is not available in the United States and is now dutiable at one-half of 1 cent per pound, should also be permitted to enter the United States free of duty.

The tariff Commission has available in its files information which it is believed will support the request that the duty be removed from these products, namely, buchu, belladonna, henbane, digitalis, and licorice root.

EDIBLE GELATIN PARAGRAPH 42

Domestic producers have requested an increase in duty on edible gelatin. Foreign manufacturers have suggested a decrease in the duty. If the edible gelatin referred to is of the type and kind used in the manufacture of gelatin capsules, such an increase as has been proposed would of course increase the cost of gelatin capsules, which are the containers for many types of medicines prepared by the druggist in his prescription department. An increased cost of these containers, of course, would be reflected in the increased cost to the consumer. We are convinced that an increase in duty on edible gelatin of any type is unnecessary and unwarranted.

GELATIN BOTTLE CAPS, PARAGRAPH 42

Gelatin bottle caps are dutiable as manufactures wholly or in chief value of gelatin at 25 per cent ad valorem under paragraph 42, Schedule 1, Title 1, of the tariff act of 1922.

In the last four or five years foreign manufacturers of gelatin bottle caps have attempted to enter the American market, and recently a representative of an Austrian manufacturer has offered gelatin bottle caps in the American market at a price approximating the American cost of a similar article.

Parke, Davis & Co. manufacture and market gelatin bottle caps, which for trade purposes are designated "gelcaps". These are self fitting bottle caps made of chemically treated gelatin. This gelatin bottle cap has recently been developed in the laboratory of Parke, Davis & Co., and when moistened slips over the stopper and lip of the container and makes a tight fitting cap that holds the cork, rubber or glass stopper in place, prevents spoilage and leakage and renders an air tight seal. Parke, Davis & Co. devised, developed and have promoted the use of this bottle cap by manufacturers who are producing lines of bottled products. If a foreign manufacturer is permitted to enter the American market with a substitute article, at a price approximating the cost of the American article, it will of course tend to destroy the business of Parke, Davis & Co. in gelcaps, which has been placed on a profitable basis at considerable cost and expense.

In order for Parke, Davis & Co. to retain the American market on gelcaps, it will be necessary to increase the rate of duty. It is therefore recommended that the following be added at the end of paragraph 42: "Bottle caps wholly or in chief value of gelatin 25 per cent ad valorem and \$1 per thousand."

AGAR AGAR—PARAGRAPH 42

The medicinal use of Agar Agar is well known, and whether produced in the United States or in Japan, is prepared from the same species of algae of the genus gelidium, which are indigenous to all shores washed by the Japan current. It is a seaweed and, in chemical composition and purity, the American and Japanese agars are on a par. However, there is a very great difference in the physical form in which the two grades are supplied. Japanese agar, of the grade employed by pharmaceutical manufacturers, is supplied in the form of long, firm shreds. Agar agar of the American production is, so far as is known, supplied only in the form of granular flakes of a soft texture or powdered form, which is not adaptable to the uses of a pharmaceutical manufacturer. The American production is confined entirely to California, and is not sufficient in amount to warrant protection. Considerable data with respect to this phase of the matter is available from the Tariff Commission.

Agar Agar now bears a duty of 25 per cent ad valorem, under paragraph 42. It is recommended that this duty be removed for the reason (a) that the kind produced domestically is not adaptable to the needs of pharmaceutical manufacturers, and (b) that the amount produced domestically is not sufficient to meet the needs of the American user or warrant protection.

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MENTHOL—PARAGRAPH 52

The tariff bill as passed by the House of Representatives provides in paragraph 52 for a duty of 75 cents per pound on imported menthol. This represents an increase of 25 cents per pound over the present duty. It is respectfully submitted that this increase in duty is not warranted by existing conditions, nor will such increase benefit any domestic producers who do not produce the type of oil required. Menthol is used exclusively for medical purposes, chiefly in the form of ointments, lotions, antiseptics, and irritating substances and the like. An increased duty on this medicinal substance will be reflected in the increased cost of the medicinals into which it enters, and such increased cost of course will be borne by the consumer.

BLACKSTRAP MOLASSES—PARAGRAPH 502

We earnestly protest against the proposed duty on blackstrap molasses, because such a duty will materially increase the cost of pure alcohol, which increased cost will be reflected in the price of prescription medicines, in the manufacture of which pure alcohol is absolutely necessary. This is true whether the finished medicinal product is a pill, tablet, powder, or liquid preparation, because at some stage of the manufacture of any of these types of medicinal products, the use of alcohol is necessary in order to extract the active principle of the drug or drugs which is an ingredient of such pills, tablets, powders, or liquid preparations.

FREE LIST—COD-LIVER OIL

A proposal has been made that vegetable, animal, and marine oils, including cod-liver oil, be removed from the free list and made dutiable at 45 per cent ad valorem. The proposal with reference to cod-liver oil was made by the United States Fisheries Association. An examination of the statement filed in support of the proposal discloses that in 1927 there was produced in the United States slightly over 2,000,000 pounds of cod liver oil, while importations from foreign sources amounted to considerably over 30,000,000 pounds. It is admitted in the statement that the potential production capacity of the American producers is only about 10,000,000 pounds, while the consumption in 1927 of cod-liver oil in the United States was more than three times that amount. If figures were available, it would undoubtedly be found that the importations of cod-liver oil in the calendar year, 1928, far exceeded the importations in 1927, while the increase in American production would not exceed 500,000 pounds.

Cod-liver oil, when properly prepared and standardized, is recognized as a very efficacious product, and is used on account of its high vitamin content in building up undernourished children, convalescents, and others whose health is below normal. It can be said without any fear of contradiction that the medical profession of the United States would voice disapproval of any duty on cod-liver oil, because of its widespread use in building up the health of undernourished children, convalescents, and others who require the vitamin activity contained in the product. Certainly, a duty can not be justified on the ground that an American industry of sufficient size needs the protection. It is submitted that domestic cod-liver oil producers are not now producing, nor would their possible potential production warrant a duty on this highly necessary health-producing preparation. Furthermore, no vegetable, animal, or marine oils, obtained wholly from foreign sources, should be made dutiable.

CINCHONA BARK—FREE LIST

It has been rumored that a request will be made that quinine, and its salts be made dutiable, while cinchona bark, from which quinine and its salts are produced, be left duty free. If such a request is made, it should receive the most careful study and consideration at the hands of your committee. Cinchona bark is obtained entirely from foreign sources and quinine, which is produced from cinchona bark, is one of the strategic drugs largely used by the Army and Navy, and of extreme importance. Parke, Davis & Co. is a user of quinine, and, as such, is vitally interested in keeping the cost as low as possible. Permitting cinchona bark to come in free and making quinine dutiable would obviously increase the cost of quinine and its salts to the consumer.

ERGOT, BUCHU, BELLADONNA, HENBANE, DIGITALIS, LICORICE ROOT, AND AGAR AGAR

As previously pointed out in this statement, these crude drugs are all dutiable at certain rates under various paragraphs of the tariff act of 1922, and we only desire to reiterate our request that these crude drugs be removed from the dutiable list and placed on the free list.

ADMINISTRATIVE PROVISIONS

With respect to the administrative provisions of the present tariff act, Parke, Davis & Co. desires to protest against the use of American valuation in determining the rate of duty of any imported article. Permitting the use of the American valuation opens the door to a manipulation of prices, whereby duties may be increased to an unwarranted extent.

Respectfully submitted.

PARKE, DAVIS & Co.,
HORACE W. BIGELOW, *General Attorney.*

DETROIT, MICH., July 10, 1929.

FORMIC ACID

[Par. 1]

BRIEF OF THE VICTOR CHEMICAL WORKS, CHICAGO, ILL.

FINANCE COMMITTEE,
United States Senate:

Formic acid is a synthetic organic chemical dutiable under Schedule 1, paragraph 1, of the tariff act of 1922 at 25 cents per ad valorem, as an acid not specially provided for.

The House bill now pending provides a specific duty of 4 cents per pound (p. 2, line 10).

We recommend a specific duty of 6 cents per pound. The proposed duty of 4 cents fails, we believe, to equalize the difference between production costs here and abroad and still leaves the foreign manufacturers with an advantage of over 2 cents per pound, which, experience has shown, they will use to eliminate American interference with their control of the world market.

This country has never contained an independent, firmly established formic-acid industry. Every attempt to establish such an industry has met with disastrous failure because a lack of tariff protection has permitted ruinous competition from abroad. Our present venture in the manufacture of this commodity, begun in 1928, will be equally disastrous if an adequate duty on the imported material is not provided. Experience and published data show that a duty of 6 cents per pound is necessary to protect us against our German competitors, and that with this protection we can supply American consumers with formic acid at prices no higher than they have been forced to pay for foreign acid for the past seven years, during which the foreign manufacturers have had a monopoly in the American market.

The description and uses of formic acid and a history of the industry are contained in brief filed with the Ways and Means Committee of the House. In addition to uses mentioned in that brief, attention is called to the fact that formic acid was used in Germany during the late war for the manufacture of di-phosgene, a poison gas.

Formic acid is more or less interchangeable in its uses (except for the making of di-phosgene) with other organic acids, principally acetic acid, and it is this relationship that has controlled the price of imported formic acid in this country in the absence of American competition. This relationship was interrupted, as soon as we began the production of formic acid, in 1928. Since that time acetic acid prices have advanced 15 per cent. The price of formic acid has not advanced. Thus, American consumers have already received material benefit in the matter of price from the presence of domestic acid in the American market. In fact, since the pending tariff bill was introduced there has been some under-cover weakening of the price of imported formic acid in some markets.

The present annual consumption of formic acid in this country is about 3,000,000 pounds, as compared with a consumption of 1,250,000 pounds in 1923. Total importations from abroad from September 22, 1922, until March 30, 1929,

were 12,873,724 pounds, for which American consumers have paid approximately \$1,400,000. The consumption would have been greater had there been an American source of supply, for many potential users have employed substitutes rather than be dependent upon a foreign manufacturer for an important raw material.

Our present investment in the formic-acid industry is in excess of \$100,000. If a duty is provided sufficient to place us on a parity with foreign manufacturers, we shall increase this investment, and with the investment being made by another producer who has just placed his acid on the market, we believe that over a half million dollars and 100 men will be given productive employment.

FOREIGN COMPETITION DESTROYED AMERICAN INDUSTRY UNDER PRESENT TARIFF ACT

The Victor Chemical Works began the production of formic acid in a small way in 1919, and during the period of license control of synthetic organic chemicals under the emergency tariff act, production was increased to 110,000 pounds a month, which was sufficient to supply the entire domestic demand. The act of 1922, terminating the license control, failed to mention formic acid and it therefore became dutiable at 25 per cent ad valorem, as an acid not specifically provided for. Importations began to arrive immediately and were offered at prices so far below our cost of production that there was no hope for our industry. Exactly 61 days, therefore, after the passage of the act we were forced to abandon the production of formic acid and our plant was subsequently scrapped.

From November, 1922, until May, 1928, there was no production of formic acid on a commercial scale in the United States. Domestic consumers were forced to buy acid of foreign manufacture. Germany has supplied and is supplying most of the formic acid used in this country. Foreign invoice values of imported formic acid have increased 8½ per cent during this period. The foreign invoice values of imported oxalic acid made from the same raw materials and by a similar process have decreased 36.6 per cent during the same period.

REVIVAL OF AMERICAN MANUFACTURE

In spite of foreign control over production and prices, the development of consuming industries has increased the importance of formic acid in this country and has emphasized the necessity of a dependable domestic source of supply independent of foreign alliances and raw materials. Extended research in our laboratories resulted in an improved process of manufacture and persistent inquiries from consumers made the need for a domestic industry obvious. Small scale operation of an experimental plant in 1928 showed our process to be economical and that by utilizing excess capacity in our oxalic acid plant for the production of sodium formate we would be able to manufacture and sell formic acid at prices no higher than those then and now prevailing for the imported article.

When it became evident that a readjustment of tariff rates was probable, we enlarged our experimental plant and now have reached a production of over 90,000 pounds a month. This production will be increased if a duty is provided sufficient to place us on a parity with the foreign producers.

The selling price of imported formic acid (90 per cent) in this country during the past 18 months has been from 10½ cents to 12 cents per pound f. o. b. port of entry, duty paid, depending on quantity. Within the past three months, we have met these prices without loss and, with increased production, can continue to meet them, with possibility of a small profit. Our average actual cost at capacity production during March and April 1929 was 10.63 cents per pound, f. o. b. plant Chicago Heights, Ill.

The foreigner under the proposed House rate of 4 cents can cut his prices in this market and force us out of business as he did in 1922. That he has not already instituted a general price war against us can be attributed only to the pending tariff revision.

A DUTY OF 6 CENTS NECESSARY

A duty of 6 cents a pound is necessary to protect this new American formic acid industry from a repetition of the disasters of 1919 and 1922. A duty of 4 cents is inadequate, as is shown by the following facts:

Formic acid can be produced at a cost slightly lower than the cost of oxalic acid. In 1911, 1912, and 1913, the foreign invoice values of imported formic

acid were less than for oxalic acid. During the years 1925, 1926, and 1927 when no formic acid was made in this country, the average foreign invoice value of the 6,917,099 pounds of formic acid imported was 61½ per cent above the pre-war figure, whereas the average foreign invoice value of the 5,996,018 pounds of oxalic acid imported in competition with the domestic article was 4.1 per cent lower than before the war. During the same period the foreign invoice values of other organic acids meeting domestic competition were below the pre-war values.

Since the foreign invoice values include sales expense on the other side and profit to the manufacturer, it is apparent that the cost of production of formic acid abroad is such that with a duty of 6 cents per pound, formic acid can be imported from abroad and compete with the acid produced in this country.

This is further demonstrated by a comparison with oxalic acid, the domestic cost of which exceeds the foreign cost by more than 6 cents per pound, as shown by an investigation of the Tariff Commission. This comparison is explained in detail in the brief filed with the Ways and Means Committee of the House.

A duty of 6 cents per pound represents a duty of 55 per cent ad valorem on the basis of the average American selling price of imported formic acid during the past 18 months. The average compound duty on other synthetic organic chemicals in 1928, included in paragraph 27, was equivalent to a duty of 57 per cent on the basis of the American selling price. (See Tariff Information Summary, 1929, p. 131, which shows average value of imports under paragraph 27 as 41 cents per pound subject to a duty of 7 cents plus 40 per cent on the American selling price.)

REQUESTED DUTY WILL NOT INCREASE PRESENT PRICE LEVELS

The imposition of the duty of 6 cents per pound here requested would not result in any increase in the domestic selling prices now prevailing but would simply protect the American industry from the destructive price cutting that the foreign producer can inflict under the duty now contained in the bill for the purpose of driving out of business the domestic manufacturer. As soon as the competition of the domestic producer had been eliminated, the price would be immediately restored to the present levels.

With a duty of 6 cents per pound, the formic-acid industry can be established on an economically sound basis in the United States. The consumers will be protected against unwarranted high prices not only by competition from imported acid which as above shown can still be sold at present price levels under a duty of 6 cents; but there will also be the additional competition of other domestic manufacturers and the competition of substitutes which alone has governed the price during the past seven years of foreign monopoly. Another American chemical manufacturer has already begun the manufacture of formic acid in the State of Pennsylvania.

For the foregoing reasons it is respectfully requested that the duty on formic acid be increased from 4 cents per pound as provided in the House bill to 6 cents per pound.

Respectfully submitted.

VICTOR CHEMICAL WORKS
343 South Dearborn Street, Chicago, Illinois.

LETTER FROM KARL D. LOOS, WASHINGTON, D. C., REPRESENTING THE VICTOR CHEMICAL WORKS, CHICAGO, ILL.

JUNE 20, 1929.

HON. WILLIAM H. KING,
United States Senate, Washington, D. C.

DEAR SENATOR KING: On June 14 there appeared before the Senate Finance Committee, Subcommittee No. 1, hearing witness on Schedule 1 of the tariff bill, James M. Gillet of the Victor Chemical Works of Chicago, Ill. You asked him certain questions regarding capital, stock and dividends which the witness was unable to answer. We regret that he did not have the information at hand to answer you immediately but he was not posted on the financial affairs of the company.

We believe the inclosed statement answers all of the questions which you asked him regarding the finances of the company. If you desire additional information not shown on the inclosed statement, we will endeavor to obtain it for you.

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You are at liberty to make such use of the attached information as you see fit, although we express the hope that you will not consider it necessary to make it a matter of public record in connection with the name of the company, as it has been the policy of the company not to disclose its financial affairs to its competitors. However, please do not let this wish on our part stand in the way of your making such use of the above information as you desire.

Very truly yours,

KARL D. LOOS.

Victor Chemical Works—Statement of capital investment and dividends paid, years 1921 to 1928, inclusive

Year	Capital investment	Number of shares	Dividends paid
1921.....	\$2,366,191.20	75,000	None.
1922.....	2,186,848.27	150,000	Stock dividend of 75,000 shares paid out of surplus accumulated prior to 1921.
1923.....	1,976,286.52	150,000	None.
1924.....	1,772,473.07	150,000	None.
1925.....	1,829,207.42	150,000	None.
1926.....	2,092,677.40	150,000	\$37,500.
1927.....	2,442,926.33	150,000	\$112,500.
1928.....	4,143,329.38	150,000	\$150,000.

1 Includes \$1,250,000 6 per cent 5-year gold notes.

Certified correct:

WM. D. WEBSTER. *Comptroller.*

STEARIC ACID

[Par. 1]

BRIEF OF C. M. BAKER, REPRESENTING COMMITTEE OF DOMESTIC CONSUMERS OF HIGH-GRADE STEARIC ACID

Hon. REED SMOOT,
*Chairman Finance Committee,
 United States Senate, Washington, D. C.*

DEAR SIR: Certain large domestic consumers of high-grade stearic acid, commonly known to the trade as triple-pressed, earnestly desire to enter a vigorous protest before your committee against the increase in the rate of duty on this product made by the House bill over the tariff act of 1922 and for the purpose of bringing the matter to your attention have appointed a committee of which I have the honor to be chairman. The concerns joining in this protest are all well-known manufacturers and distributors of stearic acid products and are and have been for many years large consumers of domestic stearic acid but from time to time have been obliged to import comparatively small quantities of this material, usually because of difficulty in obtaining the desired quality in the United States, but their importations at no time have exceeded a negligible fraction of the annual production in the United States.

MANUFACTURERS ASK PROHIBITIVE DUTIES

The tariff act of 1922 provides a rate of duty on stearic acid of 1½ cents per pound, the approximate equivalent of 13 per centum ad valorem. In response to an appeal from the so-called National Association of Stearic Acid Manufacturers and Emery Industries (Inc.), the House of Representatives upon a recommendation of the Ways and Means Committee has substantially doubled this rate by imposing an ad valorem duty of 25 per centum. Not content with this increase these manufacturers have appeared before your committee with a demand for a further advance in the duty to 50 per centum ad valorem, or four times the present rate.

The action of the House of Representatives and the further demands of the stearic acid manufacturers have caused consternation to the consumers of stearic acid whom we represent whose operations, should the rate adopted by the House

be written into the new law, will be burdened by higher costs for raw materials which we can neither absorb ourselves nor pass on to our customers. It is hardly necessary to say that should the proposed 50 per cent rate be granted by Congress the shrinkage in our business will be nothing short of disastrous, especially to those manufacturers who package their goods in small units to meet a large popular demand at a very close margin of profit.

STEARIC ACID ESSENTIAL TO MANY INDUSTRIES

The great diversity in the utilization of stearic acid is indicated by the following extract from the Summary of Tariff Information prepared by the United States Tariff Commission for the use of Congress in connection with the pending revision:

"The largest use of stearic acid was formerly in the manufacture of candles, both with and without the addition of paraffin. In recent years the largest use has been as an accelerator or plasticizer in rubber compounding. Other less important uses are in the manufacture of metallic stearates for paint, varnish, and ink driers; as a base for heavy greases in lubricating locomotives; in waterproofing cement; in ointments, facial creams, and baby powders; in the manufacture of certain hard soaps and shaving soaps; in the manufacture of buffing bricks, and of chalk crayons. The grades are United States Pharmacopœia (for medicinal purposes) and single, double, and triple-pressed."

The manufacturers represented by our committee are chiefly producers of shaving soaps, ointments, cold creams, facial creams, and baby powders, and other toilet, nursery, and hospital requisites, and employ only the triple-pressed stearic acid.

PRODUCTION, IMPORTS, AND EXPORTS

The production of stearic acid in the United States is shown by the following official figures supplied by the Tariff Commission:

Calendar year:	Pounds	Calendar year—Contd.	Pounds
1919.....	22, 920, 184	1924.....	24, 311, 015
1920.....	24, 372, 395	1925.....	27, 873, 533
1921.....	17, 036, 793	1926.....	32, 723, 834
1922.....	23, 808, 121	1927.....	36, 265, 122
1923.....	27, 865, 498	1928 ¹	44, 270, 010

According to the Tariff Commission the imports of stearic acid prior to 1923 were less than 1 per cent of domestic production and only in 1928 have they amounted to as much as 5 per cent which is the maximum to date. In other words, the domestic stearic acid manufacturers have almost completely monopolized the market, having supplied from 95 to 99.5 per cent of the demand during the past 15 years. The imports for the past six years, as reported by the United States Tariff Commission, have been as follows:

Calendar year:	Pounds
1923.....	479, 398
1924.....	260, 472
1925.....	1, 265, 577
1926.....	1, 769, 561
1927.....	1, 022, 275
1928.....	2, 003, 042

A highly significant fact in connection with these production and import figures is the export movement of stearic acid which in 1927 amounted to 2,352,659 pounds and in 1928, 2,260,542 pounds. In other words, while the imports have never exceeded 5 per cent of the domestic production, for the past two years they have been substantially exceeded by the exports which in 1927 were more than 100 per cent greater.

STRONG POSITION OF DOMESTIC MANUFACTURERS

To the average manufacturer familiar with large operations it would seem to require great ingenuity to devise any basis for a demand for a higher duty on a product which substantially monopolizes the domestic market, the exportation of which has uniformly exceeded the imports and the production of which, according to the official figures, has increased 100 per cent during the past decade. In recent years also the prices paid for triple-pressed stearic acid by the manufacturers represented by this committee have advanced steadily until they are

¹ Preliminary.

now substantially above the price of foreign stearic acid, duty paid at United States ports. Notwithstanding these facts the representative of the National Association of Stearic Acid Manufacturers and Emery Industries, Inc., with much ingenuity, has sought to make it appear in both oral statements and briefs presented to the Ways and Means Committee and to your honorable committee that the domestic stearic acid industry is languishing and is in need of even greater protection than the advance accorded it by the House of Representatives in the pending bill.

A brief analysis of the testimony before your committee and before the Ways and Means Committee of Mr. F. F. Jordan, representing the National Association of Stearic Acid Manufacturers and Emery Industries, Inc., will serve to develop some highly significant facts. That many of the statements made are inconsistent with the official data gathered by the United States Tariff Commission will be seen at a glance and would seem to call for explanation or disavowal.

PRODUCERS FEAR ONLY LOW-GRADE IMPORTATIONS

In urging the need of the domestic stearic acid industry for further protection against the 5 per cent—which he erroneously describes as 15 per cent—of the imported product he declares that the American producers do not fear the competition of the high-grade stearic acid known as triple-pressed but only the low-grade product. He says:

"We do not worry about the high-grade importations. It is the low-grade importation that we worry about; the pseudo stearic acid and the double-pressed."

As a matter of fact practically all the stearic acid imported into the United States, and especially that brought in by the houses represented by this committee, is triple-pressed of the highest obtainable grade and frequently purchased abroad because of the impossibility of obtaining an equal quality in this country. How Mr. Jordan can square his statements with the facts we can not understand, but we most respectfully urge your committee to examine carefully the official data before giving serious consideration to the representations of the domestic stearic acid manufacturers.

AN INGENIOUS STATEMENT

In the course of his testimony before the Ways and Means Committee, Mr. Jordan made a statement obviously intended to give the impression that the domestic stearic acid manufacturers as a class have made no money during the past 10 years. Admitting that the domestic manufacturers have had the market substantially to themselves, he made this astonishing declaration:

"We have lost money continuously since the close of the World War. The industry has not had one profitable year for all the manufacturers."

Mr. Jordan had already testified that there were quite a number of concerns engaged in the production of stearic acid, one a very large one—Emery Industries (Inc.)—and the other smaller. In view of all the facts it is difficult to resist the conclusion that under cross-examination Mr. Jordan would probably have admitted that the large units in the domestic stearic-acid industry have made money and that only a few of the smallest producers have failed to show a profit. It is needless to say that a similar condition has existed during the past 10 years in practically every industry in the United States.

Analyzing further Mr. Jordan's statement that money has been lost in the stearic-acid industry since the World War, it is interesting to examine the imports in connection with the production figures which, since 1922, with some slight fluctuations, have steadily risen nearly 100 per cent. For example, in 1922, when 23,808,121 pounds of stearic acid were produced in the United States, the imports were only 35,000 pounds. In 1923, when production rose more than 4,000,000 pounds to 27,865,498, the total imports were only 470,393 pounds. In 1924, with a production of 24,311,015 pounds, the imports were only 266,472 pounds. While the imports during the next four years show percentage increases they have at no time exceeded 5 per cent of domestic production, amounting in 1928 to 2,903,042 pounds, while domestic production scored enormous gains, the output of 1928 exceeding that of 1924 by approximately 20,000,000 pounds.

A HIGHER TARIFF NO REMEDY

In view of these figures the average business man will be at a loss to understand why the domestic stearic acid industry year after year scoring enormous percentage increases in production and facing a competition obviously negligible

and with steadily rising prices, should have failed to make money. We certainly feel justified in asserting that if under the conditions that have prevailed since the close of the World War and with a protective tariff since 1922 that has given the domestic producers 95 to 99.5 per cent of the domestic market they have failed to make money, then the tariff is in no way to blame for this condition, the cause of which must be sought for elsewhere, and, that even the granting of the demand for a 300 per cent increase in duty would not remedy the situation.

WE ALSO ARE DOMESTIC MANUFACTURERS

In determining the rates of duty to be imposed upon products which constitute the raw material of other domestic manufacturers, the Senate Finance Committee has always been mindful of these consuming industries. Raw materials at a prohibitory cost spell ruin for the manufacturer obliged to use them and your committee has always sought to effect a nice adjustment of the tariff framework to permit all the American industries to survive and prosper in reasonable measure. Impressed with these facts we desire to draw your attention to the steadily upward trend of the price of the triple-pressed grade of stearic acid of domestic manufacture which is now selling at 17½ cents per pound. For several years after the war it sold at from 10 cents to 13 cents per pound and during one year soon after the war the price was 9 cents per pound for a considerable period. Since the formation of the so-called National Association of Stearic Acid Manufacturers prices have notably stiffened and there has also developed a uniformity in quotations by domestic producers which appear to reflect an understanding of some kind among them that precludes the possibility of competition. Under these circumstances is it surprising that the manufacturers represented by our committee during the past year or so should have had occasion to import high grade stearic acid at a saving of some 2 cents per pound under the domestic price?

BOOKKEEPING METHODS, LACK OF MARKET FOR BY-PRODUCTS, OR BAD MANAGEMENT

We are convinced that insufficient emphasis has been put upon the fact that the manufacturers of stearic acid are also the producers of other tallow derivatives and in addition employ stearic acid itself in the making of other products which go direct to the consumer. In view of these facts it is quite possible that the red ink figures referred to by Mr. Jordan as applying to the production of stearic acid are due entirely to the system of bookkeeping pursued by the concerns he represents; also that industrial conditions respecting the by-products of stearic acid manufacture are largely responsible for the unfavorable financial position of the domestic stearic-acid producers and, finally, we are strongly of the opinion that tariff readjustments applying to certain of the by-products of stearic-acid manufacture will do more to assist the industry than the proposed increases in the duty on stearic acid. For example, the stearic-acid manufacturers in the production of stearic acid from tallow make large quantities of red oil and glycerine. In the present condition of the market red oil is largely displaced by olive oil foots made in Italy which are imported under the existing duty at a price so low that the producers of red oil are obliged to dump it in Europe to get rid of it. With an adequate tariff on olive-oil foots red oil would find a much larger domestic market at a profitable price and would carry its proportion of the manufacturing cost, thereby relieving stearic acid of an undue share of labor and overhead penalties. Owing to the development of substitutes the prices of glycerine is steadily falling and no longer affords the manufacturer a profit. This fact should be borne in mind, but in our opinion it does not justify an increase in the tariff on stearic acid.

THE FARMER IS NOT INTERESTED

The interest in this problem of the farmer as a stock raiser is practically negligible. The price he receives for the cattle he sells on the hoof bears no relation whatever to the price of tallow or any of its derivatives and an examination of market prices will show that the fluctuations in tallow have never been reflected in the prices paid for livestock. Even the meat packers have little concern in the tallow market as the great bulk of their products go forward as meat from which more or less tallow is trimmed at a later stage by the local

butcher to whom it is an item of small consequence. It is apparent, therefore, that there is no argument in support of a higher duty on stearic acid which can be based upon the contention that it will be in any way beneficial to the farmer.

HIGHER TARIFF WOULD BURDEN MANY CONSUMERS

Large quantities of stearic acid are used in the manufacture of candles for domestic illumination and for ritual use in the churches of certain religious faiths. Certain of the concerns seeking a 50 per cent duty on stearic acid are reputed to be very successful candle-manufacturing corporations and an impression prevails generally that the combined operations of these concerns show a profit and that they are not among those stearic acid manufacturers whose operations since the World War are alleged to have been conducted at a loss.

In this connection it is proper to point out that a 300 per cent increase in the tariff which the stearic acid manufacturers are now demanding will add a tremendous burden to the consumers of candles whether for domestic or religious purposes. It is understood that stearic acid constitutes on the average 50 per cent of the raw material of these candles; therefore an increase from 1½ cents per pound to 50 per cent ad valorem in the stearic acid duty would undoubtedly force up the price of candles several cents per pound.

A very large proportion of the production of the members of our committee is sold in small units at popular prices which can not be raised without heavy curtailment of output. Great quantities of these products, especially shaving creams, soaps, cold creams, etc., are retailed through the 5-and-10-cent stores and supply an enormous public demand at an exceedingly small margin of profit to the manufacturer and dealer. An increase in duty on stearic acid will completely demoralize this business.

DIFFERENCE IN LABOR COSTS NEGLIGIBLE

Much emphasis is put by Mr. Jordan upon the alleged low cost of European labor in order to show the ability of foreign stearic acid manufacturers to undersell domestic producers with the present tariff. Conceding that the foreign labor cost is much less than ours the difference is insignificant when spread over a day's run of stearic acid in a modern plant. Large units employed in these plants in the United States are equipped with all modern mechanical devices and from our own observation we are convinced that they can be operated as economically as in any foreign plant. The difference in labor cost can not possibly exceed a small fraction of a cent per pound while the domestic producers are asking several cents per pound additional protection predicated upon the alleged difference in this item of cost.

Mr. Jordan also puts great stress upon the research laboratory work done by American producers to develop new uses for stearic acid. This is unworthy of consideration. Every manufacturing industry in the United States spends money on research and must do so to survive. The fact that the research work of Mr. Jordan's associates is exceedingly, not to say enormously, profitable is evidenced by the fact that the output of the industry has increased 100 per cent since 1922.

We would respectfully submit the foregoing statement for your consideration, relying upon your comprehensive knowledge of American industries and your impartiality in dealing out even-handed justice to all interests. We are strong believers in the protective tariff principle but we also believe that it would be a mistake in policy for Congress to burden industries with higher tariffs on their raw materials where such increases will operate to restrict production and are unnecessary to enable the presumed beneficiaries of such higher rates to command but a negligible fraction of the domestic market.

I have the honor to be,
Very respectfully,

C. M. BAKER,
*Chairman Committee of Consumers of High Grade Stearic Acid,
New York City.*

IRON AND SODIUM OXALATE

[Par. 5]

LETTER FROM CHAS. PFIZER & CO. (INC.), NEW YORK CITY

JULY 15, 1929.

Mr. ISAAC M. STEWART,
*Clerk Committee on Finance,
 Senate Office Building, Washington, D. C.*

DEAR MR. STEWART: Referring to hearings of the subcommittee of the Committee on Finance, Schedule 1, page 54, you will observe brief which the writer signed, covering iron and sodium and iron and ammonium oxalate. On page 55, next to the last paragraph of our brief, this paragraph reads:

"Therefore, we submit that iron and sodium oxalate be removed from paragraph 5 and placed under paragraph 9, and that the wording applying to this salt read as follows: "Iron and ammonium oxalate, 11 cents per pound."

It should read:

"Therefore, we submit that iron and sodium oxalate be removed from paragraph 5 and placed under paragraph 9, and that the wording applying to this salt read as follows: "Iron and sodium oxalate, 11 cents per pound."

In all probability it was a typographical error in inserting the word "ammonium" in this paragraph, as iron and ammonium oxalate is covered in the last paragraph of this brief.

Will you please make the necessary correction?

Respectfully yours,

A. W. DEETER, *Assistant Secretary.*

AMMONIUM PHOSPHATE

[Par. 7]

BRIEF OF THE FEDERAL PHOSPHORUS CO., BIRMINGHAM, ALA.

FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

Mono and diammonium phosphates are made in two grades—food grade and fertilizer grade. The food grade can be used for fertilizer. The fertilizer grade can not be used for food purposes unless it conforms to certain chemical standards, especially with respect to lead and arsenic content. It would in such event no longer be classed as fertilizer grade, but as food grade. In the present state of development it is difficult to set up a standard to differentiate between the food and fertilizer grades.

Food grade mono and diammonium phosphates are used principally as food for the cultivation of yeast. The fertilizer grades of these products are used as fertilizers. They are concentrated fertilizers and contain two of the three principal plant foods—namely, nitrogen and phosphorus.

The Federal Phosphorus Co. produces large quantities of food grade mono-ammonium phosphate and relatively small amounts of the di-salt. We are prepared, however, to manufacture diammonium phosphate to cover the requirements of this country. The mono-salt is sold largely for the cultivation of yeast. The di-salt can also be used for this purpose. The following table gives this company's production for the period 1925-1928, inclusive.

Year	Monoammonium phosphate	Diammonium phosphate
1925.....	<i>Pounds</i> 3,577,198	<i>Pounds</i> 900
1926.....	4,307,120	.....
1927.....	4,596,346	46,137
1928.....	4,002,600	24,825

Production of the mono-salt in 1929 is running about the same as in 1928. Production of the di-salt will be about 60,000 pounds.

The large consumers of food grade ammonium phosphate in the United States are now paying about 8½ cents per pound. Testimony before the Committee on Military Affairs of the House of Representatives on H. R. 8305 (a bill to lease Muscle Shoals to the American Cyanamid Co.) indicates that the fertilizer grade of monoammonium phosphate has been sold at about \$64 per ton, or 3.2 cents per pound. This price is about two-fifths of the quoted price on the food grade.

The difference in selling price is due to one factor—the greater cost of producing food grade mono and diammonium phosphates. Food grade ammonium phosphate is made from food grade phosphoric acid. The acid must conform to certain rigid chemical specifications, and is produced from crude phosphoric acid by subsequent chemical treatment. This processing adds to the cost of production. Fertilizer grade mono and diammonium phosphates can be made directly from crude phosphoric acid. This eliminates the chemical purification and processing, and the added costs of production such as are necessary in producing the food grade.

The Federal Phosphorus Co. feels that food and fertilizer grades on mono and diammonium phosphates are not comparable, since they do not have the same uses. Under the tariff act of 1922, ammonium phosphate is dutiable at 1½ cents per pound, regardless of whether it is the mono- or di- salt, or whether it is the food or fertilizer grade.

If the food grades of these products are placed on the dutiable list in the new tariff bill, and the material used for fertilizer placed on the free list, a difficult task of administration will arise.

The work of administration would involve the setting up of specifications plus the making of analyses to determine whether or not the imports conformed to the specifications indicated on the invoices. The administration work would not end until the product reached the ultimate consumer.

This company, therefore, requests that both mono and diammonium phosphates, regardless of whether food or fertilizer grades, remain on the dutiable list with the present duty of 1½ cents per pound.

FEDERAL PHOSPHORUS Co.,
B. G. KLUGH, *Vice President.*

DISTRICT OF COLUMBIA, ss:

Before me, a notary public in and for the District of Columbia, personally appeared Harold F. Shattuck, who states under oath that the material as above written is the brief for the Federal Phosphorus Co. in regard to ammonium phosphate, and that the statements therein contained are true to the best their knowledge, information, and belief.

HAROLD F. SHATTUCK.

CHAS. E. ALDEN, *Notary Public, D. C.*

My commission expires October 13, 1932.

AMMONIUM SULPHATE

[PAR. 7]

BRIEF OF THE NATIONAL COAL ASSOCIATION, WASHINGTON, D. C.

Hon. REED SMOOT,
Chairman Finance Committee, United States Senate,
Washington, D. C.

MY DEAR SENATOR: As executive secretary of the National Coal Association, the national organization of bituminous coal mine operators, I write to request that in drawing up the schedules of the new tariff bill the Finance Committee of the Senate give due consideration to the need of adequate protection for the chemical manufacturing industry.

The bituminous industry is deeply interested in the maintenance of the chemical manufacturing industries on a profitable basis. Bituminous coal contains within itself scores of valuable constituents which have been largely neglected in the past but which are just coming to be the objects of careful study and

research. As affecting the future market for bituminous coal, bituminous mine operators are greatly interested in seeing these so-called coal by-products extracted and utilized.

It should be noted that the recovery and utilization of these by-products is not properly the function of bituminous mine operators but falls within the field of activity of chemical engineering. It is through the maintenance and encouragement of chemical industries that the extraction and utilization of these valuable coal by-products is to be secured. It is for that reason that the bituminous industry submits this request that everything possible be done in formulating the tariff bill now under discussion for the purpose of encouraging a further development of the chemical industries in this country.

I am not competent to enter into a detailed discussion of the rates of duty needed on different chemical products. I am informed, however, that at the present time one of the most important by-products of coal distillation, from the point of view of existing demand, is sulphate of ammonia. I am told that for each ton of synthetic ammonia manufactured in the United States at least four tons of bituminous coal are consumed as raw material. Moreover, the manufacture and use of this chemical product is increasing rapidly.

The recent formation of an international nitrogen cartel, in which American producers are not represented, plainly indicates that the American synthetic ammonia industry will soon face more intensive competition from abroad than it has met in the past. I bespeak for the synthetic ammonia industry adequate protection against this impending competition through a proper rate of duty on the imported product.

It is not out of place to refer to the importance of this material for purposes of national defense. This country can not afford to be dependent upon foreign sources for its nitrates in case of another outbreak of hostilities. In spite of every effort put forth during the World War, when the armistice was signed the Government had not succeeded in bringing a single new American plant to the stage of actual production of synthetic nitrate products. To prevent a recurrence of this extremely costly state of unpreparedness, our American nitrate industry must be protected against the competition of the foreign nitrate pool. If that industry is maintained and fostered any extraordinary demands which may in the future be imposed by the exigencies of national defense can be promptly met by the expansion of existing plants.

I am presenting this argument in the name of the bituminous coal mining industry. I know that the fostering of American industry in general, and especially in the synthetic nitrogen industry, will result in a gain to the bituminous industry and to the country as a whole through the larger utilization of many of the valuable by-products of bituminous coal which are now allowed to go to waste. I also argue as a citizen that with respect to the chemical industry, and in particular to the manufacture of synthetic nitrogen, the industry needs and should have adequate protection against the foreign nitrate pool as an indispensable means of assuring the country of the possession of adequate nitrate reserves in case of military need.

Yours very truly,

HARRY L. GANDY, *Executive Secretary.*

THEOBROMINE

[Par. 13]

BRIEF OF THE NETHERLANDS CHAMBER OF COMMERCE IN NEW YORK (INC.)

To the honorable COMMITTEE OF FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: This is a request for the maintenance of the present import duty of 25 per cent ad valorem on imported theobromine, now falling under paragraph 5 of the present tariff law, as "all other not specially provided for." In the revised tariff act recently adopted by the House of Representatives of the American Congress, theobromine has been taken from paragraph 5 and included in paragraph 15 and its present import duty of 25 per cent ad valorem has been increased to a specific duty of 75 cents per pound. This increase was asked

for by the two only producers of theobromine in the United States, viz. the Monsanto Chemical Works of St. Louis, Mo., and the Maywood Chemical Works of Maywood, N. J.

We are asking for the maintenance of the present duty of 25 per cent not merely in behalf of the Dutch producers of this chemical, but in the interest also of the two above American manufacturers of theobromine.

According to the oral testimony of the representative of the Monsanto Chemical Works of St. Louis before the Ways and Means Committee of the House volume 1, Schedule 1, Chemicals, Oils and Paints, page 295, et seq., it was brought out that theobromine is manufactured as well as imported by the two American producers named above, for two distinct purposes for sale as a medicinal product and as a raw material for the manufacture of caffeine.

Holland is one of the two competing countries named in the testimony and briefs before the Ways and Means Committee of the House. But Holland has during the last four years sold its product in the United States only to the two American producers named above, and to no others. This gave the two American manufacturers the opportunity, first, to sell the imported product at whatever price the market would allow, without competition from any source, and to get their raw material at a cost much less than their own cost of production, thereby allowing them to derive a correspondingly higher profit from the sale of caffeine.

In the oral testimony before the House Ways and Means Committee by the representative of the Monsanto Chemical Works, various members of the committee tried to induce the Monsanto representative to give them the selling price in the United States of theobromine in order to judge whether protection was needed against the imported article. Some dozen attempts were made to get a definite answer, but without success. The only statement made was that, against an import price of \$1.15 per pound of the imported theobromine, the manufacturing costs in this country were about \$2 per pound.

The issue of July 8, 1929, of the Oil, Paint and Drug Reporter gives the wholesale market price in this country of theobromine in cans at from \$1.50 to \$2 per pound. Taking an average of \$1.75 per pound there would be a resale profit on the imported product of more than 52 per cent.

Most, probably all, theobromine, whether imported or produced domestically, serves as a raw material for the chemical conversion into caffeine; 100 pounds of theobromine furnishes 110 pounds of caffeine. The extra 10 per cent so derived amply takes care of the production costs of caffeine. Caffeine is being quoted in the open market at an average of \$2.90 per pound, so that the raw material (theobromine) bought at \$1.15 per pound, is converted practically without cost into an article selling for \$2.90, a net profit of \$1.75, or more than 150 per cent. In this connection it is interesting to know that, because of the high import duty of \$1.50 per pound on caffeine, no imports of this article into the United States are possible.

Referring to the production costs of theobromine in the United States, it is herein stated that the Monsanto Chemical Works made an offer to the Dutch producers, whereby the Monsanto Chemical Works agreed on May 2 of this year, said agreement to be open to acceptance by the Dutch producer until May 10 following, to sell to the Dutch producer for a period of three years, beginning January 1, 1930, an amount of 25,000 kilograms annually (55,000 pounds) of theobromine at 75 cents per pound. That this offer was made as described above is certified in a recent sworn statement made by the managing director of the Dutch factory before Hon. Chas. Hoover, American consul general at Amsterdam, Holland, and by Mr. J. P. Six, secretary of the Netherlands-American Chamber of Commerce at Amsterdam, both of whom have written and spoken evidence to that effect. Said affidavit was filed on July 4 ultimo with the Ministry of Foreign Affairs of the Netherlands Government at the Hague, Holland, and communicated to us by cable from the Netherlands Government on July 6 ultimo. This offer of 75 cents per pound, as against an import price for the Dutch product of \$1.15, would indicate that no further protection of the American product is needed.

The reason for this offer may perhaps be sought in the development of new manufacturing methods by the Monsanto Chemical Works, whereby they would be enabled to offer their product at the price stated above.

May we further contradict the statement by the American producers before the House Ways and Means Committee to the effect that the Dutch producers derive their supply of cocoa cake, from which theobromine is chemically extracted,

from cheaper Dutch sources, while it is a fact that these Dutch producers buy regularly large quantities of cocoa cake from the United States, for which they pay the American market price, plus the ocean freight, insurance, etc.

Because of the above reasons we respectfully submit that the present rate of duty of 25 per cent ad valorem is more than ample protection for the American producer.

Yours very truly,

THE NETHERLANDS CHAMBER OF COMMERCE IN NEW YORK (INC.),
NEIL VAN AKEN, *Secretary*.

CASEIN OR LACTARENE

[Pa- 19]

BRIEF OF THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION

We renew our request for an increased duty on casein from 2½ cents per pound, as it is in the act of 1922 and in the present proposed bill of 1929, to 8 cents per pound. Our request is made for the following reasons:

1. The American dairyman needs this additional casein market for his skimmed milk. In 1928 the imports of casein amounted to over 28,000,000 pounds, which would have provided an additional market for 1,000,000,000 pounds of American-produced skimmed milk.

2. There is a sufficiency of supply of skimmed milk available to produce this additional 28,000,000 pounds of casein.

3. The American producer can produce and is now producing the quality of casein required for the users.

4. Casein is an outlet for skimmed milk, particularly well adapted to fluid milk section.

5. Under the tariff protection of 8 cents per pound which will assure a stabilized market, sufficient domestic production of casein will be forthcoming to supply the entire domestic demand at not far from prices in existence during the past two years.

6. During the recent years, the products produced by the principal users of casein have increased in amount which would indicate that prices not far from those in effect in the past two years will not limit the production of users of casein.

7. Even if the entire increase in the casein duty of 5½ cents per pound should be reflected in a higher casein price, the increased cost of coated paper would be only 3 mills per pound on paper that sells in ton lots to the printer at from 13 to 15 cents per pound. The users of casein are well protected by tariff duties.

8. The present market on casein is weak. Unless additional tariff protection is given, casein plants will become idle and the domestic industry will suffer due to the expanding foreign production and foreign imports.

9. The casein market is needed by the American farmer to provide further outlets for the dairy industry and make possible greater diversification in agriculture. This further diversification in agriculture will not be possible by finding one item which will give hundreds of millions of dollars of additional outlets for agricultural products but rather through a large number of items of a few million dollars each. Casein production is one of these items which when combined with the others will help bring agricultural relief through providing greater outlets for American produced farm products.

We wish to place before the committee the following additional new information not covered in our former briefs:

1. Returns now available for the full year of 1928 show imports of casein to amount to 28,651,000 pounds which is a record year.

2. Production of domestic casein for the first nine months of 1928 as given by the Bureau of Agricultural Economics of the United States Department of Agriculture indicate the production of casein in 1928 will be approximately 22,000,000 pounds. This will be an increase over the previous year of about 4,000,000 pounds and about 14,000,000 pounds above the production for 1922, the year the tariff on casein became effective. Since the average yield in commercial products of casein is about 2.7 pounds per hundredweight of skimmed milk, the market loss through imports of foreign casein of 28,000,000 pounds last year amounted to over 1,000,000,000 pounds of skimmed milk.

3. As further evidence that the quality of casein produced in the United States is equal to or superior to Argentine casein, we give the following, taken from the Congressional Record, of various dates:

Other statements which show that the quality of domestic casein is equal to or superior to the Argentine are given in the following taken from the Congressional Record (House) May 15, 1929, pages 1359-1360, by Congressman Selvig:

"Some doubts have been expressed regarding the quality of the domestic casein. I will place in the Record two paragraphs on "Early attempts to use casein" from "Casein and Its Industrial Applications," by E. Sutermeister. He is chief chemist for the S. D. Warren Co., Cumberland Mills, Westbrook, Me., and is considered an authority on the subject of casein:

"When casein was first used for coating paper it was being made as a by-product in many small creameries, and because it was a by-product little care was given to its manufacture. There was also no uniformity in the methods employed, some allowing the milk to sour itself, some adding acid, and some using the rennet process. Sometimes the kinds of casein were kept separate and sometimes they were mixed, so that it was not only general to find the lots working differently, but it was not at all uncommon to find several barrels out of a carload which could not be used at all and had to be returned to the shipper. Under such conditions it was very difficult to locate the source of any trouble, and the confusion was increased by the fact that the users had little knowledge of the way to handle casein and were more or less prejudiced against it. Doubtless many lots of casein were rejected which could be used to-day without difficulty, but in the early days they caused endless trouble and confusion.

"Conditions are now greatly improved, both because the preparation of the casein is better standardized and because the paper coater knows much more about handling it to the best advantage. It is seldom that a lot of casein now has to be rejected because of poor quality, or even that unsatisfactory samples are received."

MINNEAPOLIS, MINN., May 14, 1929.

Hon. C. G. SELVIG:

Understand statements are being made to the effect that American milk will not make casein equal in quality to foreign casein. We have analyzed casein made in Argentina as well as in our own plant and have made tests in conjunction with large paper mill and find there is no truth to this statement. We can make casein equal, if not superior, to foreign manufacturers.

JOHN BRANDT,
Land O' Lakes Creameries.

BOSTON, MASS., May 15, 1929.

Hon. C. G. SELVIG:

Milk dealers here believe increased production and improved quality would come with increase in casein duty. Market would be provided for skimmed milk now being thrown away. Hood estimates increase New England production at least 30 per cent. Dealers state higher duty will make possible greater centralization of manufacture and control of quality.

NEW ENGLAND MILK PRODUCERS' ASSOCIATION,
W. H. BRONSON, *Statistician.*

BOSTON, MASS., May 14, 1929.

Hon. C. G. SELVIG:

Since 1922 under 2½ cent duty on casein, production domestic casein increased from 7,000,000 pounds to 18,000,000 pounds in 1927. First half year figures indicate 1928 production 22,000,000 pounds. Casein price last year averaged 2½ cents above 1922. Believe additional protection we ask would bring out an additional 20,000,000 pounds in United States, particularly as dry skim powder production now returns to more for skim milk than casein. Large milk dealers here yesterday refused us adequate surplus milk prices claiming surplus skimmed milk a liability. Reasonable casein prices will provide market for surplus skim, give higher returns to producers, and give manufacturers opportunity to improve quality of casein produced.

NEW ENGLAND MILK PRODUCERS' ASSOCIATION,
W. H. BRONSON, *Statistician.*

PHILADELPHIA, PA., May 14, 1929.

Hon. C. G. SELVIG:

Argentine casein is known as lactic casein; manufacture very simple; American manufacturers could easily duplicate or improve Argentine quality. The only reason they do not do so is because lack of profit makes casein practically waste product and no care used in manufacture, not does it pay to invest in proper plant. Casein manufactured by makers of milk sugar. Muriatic casein is not considered as good for some kinds of paper work as lactic casein.

C. MAHLON KLINE.

SAN FRANCISCO, CALIF., May 14, 1929.

Hon. C. G. SELVIG:

My attention again drawn to statements being made in connection with casein tariff that quality American casein is inferior to Argentine, this being inherent on account of feed conditions. As one having been associated with casein manufacture in all its phases, including the technical, since 1902 not only in California but in the Middle West and East I wish to say that statements referring to inability to manufacture high-quality casein from milk of this country are in error and without foundation. Casein of high quality has been made during all seasons of the year and may be produced in ample quantities to meet requirements throughout dairy sections of United States. Owing to fluctuation in market often below cost, casein manufacture is hazardous and is unsatisfactory outlet for skim milk. What is required is sufficient tariff protection to stabilize markets and justify engaging in its continuous manufacture. We believe dairymen of this country are entitled to stable market, and, with stable market, manufacture will be sufficient to meet demands at price levels little or no higher than during past year.

C. E. GRAY,

President Golden State Milk Products Co.

Here is a letter from one of the large casein concerns:

NEW YORK CITY, May 15, 1929.

SUBCOMMITTEE ON CHEMICALS AND OILS:

Sirs: Replying to a telegram of the 14th, received from Congressman Selvig, we would state that a certain proportion of the Argentine production of casein is of inferior quality, as is the case with domestic casein. Casein made in California, Idaho, and a large portion of the New York State output is superior in quality to Argentine casein. A large portion of the domestic casein output is equal in quality to Argentine casein. In our opinion, that portion of the domestic production which is now inferior in quality could be improved in quality by simple changes in methods of production.

We also attach a memorandum regarding the matter of increased duty on casein glue if the duty on casein is increased.

We can not too strongly urge that adequate protection of domestic casein producers requires that duties on tapioca and casein glue be fixed in proportion to whatever duty on casein is finally decided upon.

Respectfully submitted.

THE CASEIN MANUFACTURING Co.,

A. F. GRIGNON,

Vice President and General Manager.

Further in the Congressional Record for May 16, page 1451, and for May 21, page 1693, from the Sheffield By-Products Co. points out that their casein is superior to Argentine casein and from the Kraft-Phoenix Cheese Corporation stating that their casein was used satisfactorily by the coated paper manufacturers.

NEW YORK, N. Y., May 15, 1929.

Hon. C. G. SELVIG:

All casein produced by our company in five States—about 2,000,000 pounds annually—for years has received preference and premium of 1 cent per pound over any imported casein. Have had samples of Argentine casein as inferior as the poorest domestic. Argentine production entirely self-soured of necessity. Domestic production muriatic, sulphuric, rennet, and self-soured. Any intelligent consumer knows methods of using either product satisfactorily. Increased importations Argentine this season at better than cent per pound less than last season. Domestic producers holding their production, refusing to meet the cut.

SHEFFIELD BY-PRODUCTS Co.

BEAVER DAM, WIS., May 20, 1929.

Hon. C. G. SELVIG:

We have sold casein to Allied Paper Co., Kalamazoo, Mich., giving perfect satisfaction. American manufacturers can produce quality casein with reasonable price which tariff duty of 8 cents would assure.

KRAFT PHOENIX CHEESE CORPORATION.

Further we would call attention to the table of casein prices already introduced in the record by witness, Charles W. Holman, which showed that grade for grade the price paid for domestic casein and the imported casein is identical. The grade domestic casein, 20 to 30 mesh, is the same as imported casein, standard ground, likewise the domestic grade, 80 to 100, mesh is identical with the grade imported, fine ground.

Mr. H. W. Mattison, of the Monite Waterproof Glue Co., submitted an analysis on domestic and Argentine casein which indicated that the domestic casein had a lower ash content than the Argentine casein. Sutermeister in Casein and Its Industrial Applications, page 140, indicates that the less the ash content of casein the more fluid the coating mixtures become and thus the more desirable for coated-paper manufacturers.

4. Because of the nature of the industry supplying fluid milk to urban centers, the outlet for skimmed milk in casein is especially desirable for the reason that variations of supply needed in the market due to changes in fluid milk or skimmed milk demands, make it necessary to have outlets for skimmed milk which are adapted to variations in supply. Feeding of skimmed milk to livestock is not a desirable outlet since there might be skimmed milk available for a certain number one week or one month which would not be available, due to fluid milk demands, another week or another month. Skimmed milk powder is also not a desirable outlet for skimmed milk because of the large investment and large volume required for profitable operation of such plants. The production of casein is the most desirable outlet for these supplies of surplus skimmed milk and every additional casein outlet made possible will tend to increase returns to farmers supplying this fluid-milk market which to some degree would be reflected by lower prices to consumers of fluid milk and cream.

5. The production of coated book paper, which industry is the principal user of casein, has increased very materially and now has new orders considerably greater than was in existence last year. Bringing up to date the table already given in our brief on the production of coated paper for 1927, it will be noted that although the tonnage figures are not yet available from the Census of Manufactures that the 1927 value of coated paper increased \$9,000,000 over the 1925 value and is over double the value in 1921.

In Casein Table IX below are given the detailed figures of the production of coated paper in the United States:

CASEIN TABLE IX.—*Production of coated paper in the United States*

Year	Tons	Value
1921.....	97,868	\$18,623,680
1923.....	158,726	27,724,902
1925.....	180,462	31,970,357
1927.....		40,725,170 ¹

¹ Report Census of Manufactures, 1927, on converted paper products. Tonnage figures not available.

Source: Census of Manufactures, 1925, page 638. L

Further evidence of the satisfactory production situation in the coated-paper industry is shown by the new orders for coated paper in the month of March, 1929, which were 104 per cent of normal production, 18 per cent above the new orders of the previous year. These figures are given in the Survey of Current Business for May, 1929, page 32, published by the United States Department of Commerce.

6. To prove our contention that the increased duty on casein, even though reflected in full in the casein price, which we do not expect, will happen the increased cost per pound of coated paper would only be 3 mills per pound, we

would point out that the United States Tariff Commission in its report on casein, page 3, shows the consumption of casein to range from 1.45 to 6.9 pounds per 100 pounds of coated paper and to average about 5½ pounds. Based on these figures, an increase in the duty on casein of 5½ cents, would give an increased cost per 100 pounds of paper of 30 cents or an increased cost per pound of paper of 3 mills. Users of coated paper state that the price in ton lots is from 13 to 15 cents per pound, based on the amount of coating on the paper. It therefore appears that even though the increased tariff did raise the casein price 5½ cents per pound that it would not unduly advance the price of coated paper.

7. The tariff protection given in the present bill to users of casein is evidently sufficient to adequately protect their market. The tariff on coated paper, as shown in paragraph 1405, is 5 cents per pound and 15 per cent ad valorem, while the tariff on plywood in paragraph 406 has been increased from 33¼ per cent to 40 per cent ad valorem. The coated-paper industry is satisfied with their present tariff, as is shown by testimony in the House hearings in which the witness, Mr. Davis, for the paper group, stated that imports were negligible, amounting to less than \$1,000,000. The exports of coated paper amounted to nearly 6,000,000 pounds in 1927, 2,200,000 pounds greater than it was in 1922 when the casein duty became effective. The subcommittee on Schedule 4, page 274 of House Document No. 15, Seventy-first Congress, first session, states regarding the duty on plywood that "the duty on that product (plywood) was increased from 33¼ to 40 per cent, based on testimony of domestic producers that the imports, although but a small portion of the total plywood production, offered keen competition in their restricted fields." The production of plywood also has increased in the United States in recent years as shown by the tariff of the Census of Manufacture.

8. The present situation of casein imports, production, and prices has resulted in a weak casein market.

Foreign imports of casein have increased. Until the matter of an increased tariff on casein was being considered by Congress, the market prices on casein were on the decline. In January, 1928, the price of domestic casein, 80-100 mesh, car lots, in bags, was 18 to 18½ cents per pound. By December, 1928, the price was off to 15¼ to 15½ cents, 3 cents per pound below the previous year. As a result of the discussions before Congress of an advance in the duty on casein, the market had a firm tone and the price of casein by February 1, 1929, was up to 17 cents. In the February 4, 1929, issue of the Oil, Paint, and Drug Reporter, the trade paper of the chemical trade, page 25, the following statement was made:

"Casein.—On the continued good movement into consumer's hands, prices were all up one-half cent per pound last week and quotations were at 16½ cents per pound for domestic 20-30 mesh, 17 cents per pound for domestic 80-100 mesh, 16½ cents per pound for imported standard ground, and 17 cents per pound for imported finely ground. It was said that an advance in duty was more than a possibility, which fact lent considerable firmness to the already strong market."

By March 18 the price was off due to the effect of Argentine exporters to move casein to the United States before any possible increase in the tariff could occur. They sold casein lower than the price at which domestic casein was offered. The Oil, Paint, and Drug Reporter of March 18, page 27, states:

"Casein.—Standard ground imported casein was sold last week at 15½ cents a pound in this territory, representing a decline of one-half cent a pound from the prevailing price on the same day the prior week. Domestic 20-30 mesh was offered at 15¼ cents a pound and 80-100 mesh and imported finely ground at 16 cents to 17 cents a pound, according to seller."

After the House bill was passed, with no increase in the casein duty, the June 10, 1929, Oil, Paint, and Drug Reporter quotes casein as being off from one-half to 1 cent per pound. The statement (p. 27) follows:

"Casein.—While the large buyers were still unwilling to enter the market, this material was the center of much concern. The spot market was somewhat lower over the week and sellers were concessionary in their attitude, in order to stir interest among the consuming industry. Domestic was named at 15¼ cents to 15½ cents per pound, domestic fine mesh was offered at 16 cents to 16¼ cents per pound, and Argentine standard ground was one-quarter cent per pound lower, at 15½ cents to 15½ cents per pound. Fine ground was also lower at 15¼ cents to 16 cents per pound."

Without additional tariff protection on casein the price will go to much lower level, discourage production, and lead to even greater amounts of skimmed milk going to waste.

Considering all the information placed before the committee, we respectfully submit that the American dairymen are entitled to this additional market, and that by giving that market to the dairy farmers diversification in agriculture to that extent could be increased.

Respectfully submitted.

W. S. MOSCRIP.

Representing the dairy tariff committee of the National Cooperative Milk Producers' Federation: George W. Stocum (chairman), John Brandt, Frank G. Swoboda, W. S. Moscrip, Harry Hartke, Charles W. Holman.

**LETTER FROM THE MONITE WATERPROOF GLUE CO.,
MINNEAPOLIS, MINN.**

Senator REED SMOOT,
Chairman Subcommittee No. 1, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR SMOOT: Inasmuch as the evidence before you conflicts in regard to the comparative quality of Argentine and domestic caseins, I beg leave to supplement my oral testimony of June 14, 1929, with the inclosed original letter just received from the dairy division, Department of Agriculture, University of Minnesota, over the signatures of Wm. E. Peterson, assistant professor, and Ernest O. Herreid, instructor, dated June 25, 1929.

The letter is self-explanatory, and supersedes the copy of a letter which I offered in evidence, and which was incomplete in its conclusions.

Trusting you will find this in order, and thanking you for the opportunity of appearing, I am

Yours very truly,

H. W. MATTISON,
Vice President Monite Waterproof Glue Co.

UNIVERSITY OF MINNESOTA,
DEPARTMENT OF AGRICULTURE,
University Farm, St. Paul, June 25, 1929.

Mr. H. W. MATTISON,
Monite Waterproof Glue Co.,
1628 North Second Street, Minneapolis, Minn.

DEAR MR. MATTISON: We are hereby submitting analysis of Argentine and domestic casein. The Argentine caseins were secured from the Twin City Milk Producers' Association, Monite Glue Co., all of Minneapolis, Minn., and the National Casein Co., Chicago, Ill. All samples of domestic were obtained from the Twin City Milk Producers' Association, of Minneapolis, Minn.

Analysis

	Ash	Fat
	<i>Per cent</i>	<i>Per cent</i>
Argentina.....	0.332	1.075
Do.....	3.502	.077
Do.....	2.873	.....
Domestic.....	.510	1.395
Do.....	3.075	1.77
Do.....	2.784	.....

Neither domestic nor Argentine samples had lactose nor chlorides. The above figures are averages of two analyses of each sample.

Solubility tests have been made on the above samples of caseins as well as on several others, including a highly purified casein prepared in this laboratory. These tests were made according to the method herewith appended.

A decided difference was noted between the domestic and the Argentine caseins. In all cases the Argentine casein hydrated rapidly making a viscous homogeneous and clear gel. All the domestic samples failed to completely disperse and the solutions lacked homogeneity and were more or less opaque. It was also very noticeable that the domestic caseins produced a glue lacking in body.

The highly purified samples dispersed most rapidly of all samples and made a lue with the best body.

While it was a surprise to us, it is very evident that the domestic caseins were much inferior to the Argentine caseins for glue-making purposes. It is also evident that neither the ash nor the fat content of the casein had any affect upon the properties for glue making.

As to the reason why Argentine caseins are so superior to the domestic caseins can only be determined by much experimentation. The production of quality casein without question involves many physical and chemical factors that must be carefully controlled.

Very truly yours,

WM. E. PETERSON,
Assistant Professor Dairy Husbandry.
ERNEST O. HERREID,
Instructor Dairy Husbandry.

APPENDIX

METHOD OF DETERMINING SOLUBILITY TESTS

1. One hundred grams of casein is washed twice with water at 104° F.
2. After washing the volume is made up to 500 grams with distilled water.
3. Three grams of borax and 4 cubic centimeters of 28 per cent ammonia is added to each sample.
4. Each sample is rotated at 104° F. for 20 minutes.

BRIEF OF M. H. ALEXANDER, REPRESENTING THE ST. ALBANS COOPERATIVE CREAMERY (INC.), ST. ALBANS, VT.

COMMITTEE OF FINANCE,
United States Senate, Washington, D. C.

HONORABLE SIR: In behalf of the St. Albans Cooperative Creamery, Inc., of St. Albans, Vermont, which manufactures about 100,000 pounds of dry casein yearly, I appeal to you to increase the tariff or duty on casein from its present rate of 2½ cents per pound to 8 cents per pound, and in support of this request, I beg leave to submit the following:

I. Casein is a product of the dairy industry made from skimmed milk by a process of precipitating the casein contents of the skimmed milk through souring or acid methods. The water is then pressed out of the casein, the curd broken up, dried and ground. It is used primarily in the manufacture of coated paper. About 75 per cent of the total domestic product is being used for that purpose. The next most important use is as an adhesive in the manufacture of plywood veneer products, such as doors, desks, chests, and airplane propellers. It is also used in its hardened state in the manufacture of combs, brush-backs, collar buttons, and other like products.

The amount of production of casein manufactured in this country has increased from 8,415,789 pounds in 1916 to approximately 22,000,000 pounds in 1928. The amount of imported manufactured product has increased from 10,376,641 pounds to approximately 28,651,000 pounds, covering the same period of time. The foregoing shows the extent of consumption or use of casein in the United States of both foreign and domestic manufacture. Foreign manufactured casein supplies about 57 per cent of our needs.

The principal foreign competing country is Argentina and in 1927 it furnished approximately 81 per cent of the imports. At this time whole milk was retailing in Argentina at approximately 96 cents per hundred pounds, or about 2 cents per quart, while our domestic whole milk price at that time was from two to three times as great.

II. Under the proposed new tariff on dairy products no change seems to have been made from the old rate, while other dairy products have been largely increased. Whole milk from 2½ to 5 cents per gallon; cream from 20 to 48 cents per gallon; skimmed milk from 1 to 1½ cents per gallon; malted milk, compounds, mixtures, and substitutes for milk from 20 to 30 per cent ad valorem; butter and butter substitutes from 12 to 14 cents per pound; cheese and cheese substitutes from 5 to 7 cents per pound.

The framers of the new tariff bill evidently were not familiar with the casein industry in this country, otherwise they would have put it on an equal basis with other items of dairy products. There are only 3 pounds of dry casein in 100 pounds of skimmed milk and a duty of 2½ cents per pound on casein is equal to 7½ cents per hundred for skimmed milk. The duty on skimmed milk

by the proposed new tariff bill is approximately 21 cents per hundred when figured on the 100 pound basis. Logically the duty on casein is ridiculously inadequate when compared with the proposed duty on skimmed milk.

III. Again the cost of conversion and delivery of casein to market is approximately 5½ cents per pound. There being about 3 pounds of casein in every 100 pounds of skimmed milk makes the cost of conversion and delivery of skimmed milk in the form of casein approximately 17½ cents per hundred. The actual value of casein in market owing to foreign competition is approximately 16 cents per pound making the valuation of skimmed milk approximately 48 cents per hundred. This price is exceedingly low for this product and out of proportion to the price of the other dairy products.

If a duty of 8 cents per pound on casein were established it would bring the value of skimmed milk, used for casein manufacture, up to an equality with other dairy products, it would stabilize the casein production in the United States and make a market for approximately a billion pounds of skimmed milk which is now going to waste. This billion pounds of skimmed milk would make approximately 30,000,000 pounds of casein or about the quantity we are importing yearly.

If the agricultural industries are to be protected by a protective tariff as promised in the two platforms of our two great political parties of 1928, then the duty on casein should be raised and casein placed on an equality with other dairy products. In this connection I desire to quote a plank from the Republic campaign platform of 1928:

"A protective tariff is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market, built up under the protective policy belongs to the American farmer, and it pledges its support of legislation which will give this market to him to the full extent of his ability to supply it."

This plank, if taken seriously, would result in a proper protection of casein. Respectfully submitted.

M. H. ALEXANDERS,

Attorney for the St. Albans Cooperative Creamery (Inc.).

CHALK, WHITING, OR PARIS WHITE

[Par. 20]

BRIEF OF THE TAINTOR CO., BAYONNE, N. J.

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.:

Mr. Douglas Fletcher and Mr. Hugh W. Pearson appeared before your honorable committee on June 15, 1929, in opposition to the proposed increase in the duty on whiting, and gave testimony which is so misleading and contains so many statements at variance with the true facts that the Taintor Co., manufacturers of whiting for over 40 years, feels that it should call the attention of your honorable committee to the matter, and respectfully presents the following statement:

IMPORTANT MISSTATEMENTS IN THE TESTIMONY OF DOUGLAS FLETCHER

1. Mr. Fletcher testified that commercial whiting as made by the American producers is a low grade by-product, full of sand and grit.

This statement is not true.

The facts are as follows:

There are four grades of whiting obtained from the raw material, chalk. These grades are differentiated by their fineness, and range from Paris white which is the finest and tests 99 per cent plus (through a 200-mesh screen) to the commercial which is the coarsest and tests from 90 to 96 per cent (through a 200-mesh screen). All four grades are whiting, and are found by chemical analyses to be substantially identical in composition and to differ only in fineness.

2. Mr. Fletcher testified that commercial whiting is "only partially satisfactory for use in putty."

The undersigned is informed and believes that this statement is not true.

The facts are as follows:

The Taintor Co. has sold for more than 20 years and is now selling its commercial whiting to putty manufacturers, including the company for which Mr.

Fletcher appeared, for use in the manufacture of putty. No statement has ever been made by any putty manufacturer so supplied by the Taintor Co. that said commercial whiting is not entirely suitable and satisfactory for use in the manufacture of putty. Prior to the year 1918 practically no whiting was imported and all American putty manufacturers used American made commercial whiting exclusively in their manufacture of putty. No claim has ever been made that putty so manufactured from American commercial whiting was or is inferior in any respect to such putty as is now made with the cheap imported article. The company for which Mr. Fletcher appeared has bought from the Taintor Co. during the past ten years an average of more than 800 tons per year of its commercial whiting, the last such sale being made on June 27, 1929.

3. Mr. Fletcher testified that American manufacturers get their product in absolutely free of duty, costing \$4 to \$5 per ton and that they sell it from \$18 to \$30 per ton.

As it now reads, this statement is misleading, as the raw material, chalk, and not the product, whiting, is imported free of duty, and Mr. Fletcher's company has bought from the Taintor Co. more than 3,400 tons of commercial whiting during the past three years at a price of less than \$16 per ton.

4. Mr. Fletcher stated that he does not ask for an increase in the duty on putty "if the price of chalk is left alone."

This statement is confusing. No request has been made by anyone for a duty on chalk (the raw material) but the request is for an increase in the duty on whiting, no matter how manufactured, whether it be dried, ground, bolted and packed, or whether it be water floated, dried, ground, bolted, and packed.

IMPORTANT MISSTATEMENTS IN THE TESTIMONY OF HUGH W. PEARSON

Mr. Pearson testified that his company manufactures kalsomine from imported whiting, "a grade not made in the United States"; that the commercial grade of whiting "would be unsuitable for making kalsomine." In response to a direct question by Senator Reed, he also testified that he "can not use the American" made whiting.

These statements are not true.

The facts are as follows:

Analyses made by commercial laboratories have shown that the imported whiting referred to by Mr. Pearson as "dry, ground, chalk," manufactured by drying, grinding, bolting, and packing quarried chalk, and the commercial whiting manufactured by the Taintor Co. are substantially identical and the two are like and similar for all commercial uses. The Taintor Co. has sold to the Taintor Trading Co., which has in turn supplied Mr. Pearson's company (the United States Kalsomine Co.) with the same, many tons of American-made commercial whiting. The Commercial whiting thus sold and supplied to Mr. Pearson's company during the period beginning December 14, 1923 and ending May 12, 1927, amounted to 7,534 bags of 200 pounds each or a total of 753.4 tons. The undersigned is informed and believes that the American made commercial whiting so sold was used by Mr. Pearson's company in the manufacture of kalsomine; that the same was found to be entirely suitable and satisfactory for such use, and that no statement to the contrary has ever been made by said kalsomine manufacturer. Said Taintor Trading Co. is an importer located at 24 State Street, New York City, and among other articles imports and sells whiting. Said Taintor Trading Co. has for some years supplied the United States Kalsomine Co. with imported whiting for use in the manufacture of kalsomine. Officers of the Taintor Trading Co. have stated to the Taintor Co. that they would gladly buy only American made commercial whiting for delivery to the United States Kalsomine Co. for use in the manufacture of kalsomine, if the American manufacturers could meet the price of the imported article.

The statements above made are supported by letters addressed to Senator Reed Smoot on June 21, 1929, by M. Ewing Fox & Co. and the Muralo Co. (Inc.), which are both large manufacturers of kalsomine, which letters are respectfully called to the attention of your honorable committee.

CONCLUSION

The manufacturers of putty, 85 per cent of which is whiting, are apparently satisfied with the present duty of three-fourths of a cent per pound, or \$15 per ton, which they have enjoyed for seven years. During those seven years the duty on whiting has fallen from \$3.10 to \$1.15 per ton. Mr. Pearson of the kalsomine industry testified that his profit is \$5 per ton, whereas the whiting

industry is operating at a loss. The whiting industry is a small industry and is rapidly growing smaller. It will soon cease to exist in this country and the American consumers of whiting will be left at the mercy of foreign manufacturers unless an adequate duty is placed on whiting.

The whiting industry only asks for a duty on whiting, but heartily favors protection for every American industry that requires it in order to meet foreign competition. The proper relief for the putty and kalsomine manufacturers is such duty as may be necessary for their products and not the ruin of an American industry of over 80 years standing.

No attempt has been made to overstate the situation on the theory that compromise would be necessary, but the information gathered by the United States Tariff Commission and published by them in the Preliminary Statement of Information (May, 1928) and the Summary of Tariff Information (1929), bear out the statement that one half of 1 cent per pound or \$10 per ton is necessary to equalize the costs of production and to protect the American manufacturer from ruinous foreign competition.

Reference is hereby made to the briefs filed with your honorable committee on June 5, 1929 by the Taintor Co. and on June 13, 1929, by the American whiting manufacturers, and the undersigned hereby reaffirm all of the statements contained in those briefs, and respectfully requests your honorable committee to treat those statements as though here restated at length.

THE TAINTOR CO.,
By CHARLES M. TAINTOR.

STATE OF NEW YORK,
County of New York, ss:

Charles M. Taintor, being first duly sworn, on oath duly says that he is the president of The Taintor Co., a corporation of New Jersey, and that he is familiar with the contents of the above and foregoing statement; that he signed said statement on behalf of said corporation and that the same is true to his knowledge, except as to the matters therein stated on information and belief, and as to those matters he believes it to be true.

CHARLES M. TAINTOR.

Sworn to before me this 8th day of July, 1929.

[SEAL.]

GEORGE TOBIN, *Notary Public.*

Commission expires March 30, 1930.

BRIEF OF THE SOUTHWARK MANUFACTURING CO., CAMDEN, N. J.

FINANCE COMMITTEE,
United States Senate.

1. The undersigned manufacturer of whiting and Paris white respectfully submits the following answers to testimony before the Finance Committee, of Mr. Scott Libby, a New York importer, Mr. Hugh W. Pearson, of United States Kalsomine Co., and Mr. Duncan Fletcher, of Baker Paint & Varnish Co.

2. Mr. Scott L. Libby, an importer, testified before the Finance Committee that domestic grindings under the duty of 25 per cent ad valorem have sold 94,000 tons during 1926, and importers during the same year 32,000 tons.

We respectfully refer you to Summary of Tariff Information 1929 prepared by the United States Tariff Commission from data obtained during an investigation of the whiting industry.

Page 108, Table No. 1, shows domestic sales 1926, 110,679,565 pounds, equal to 55,339,782 tons. Hence imports approximately equaled 60 per cent of domestic sales rather than 30 per cent.

3. Since the tariff act of 1922 the following companies have discontinued the manufacture of whiting on account of foreign competition: Wm. Knappman, Higginson Manufacturing Co., and Hammil & Gillespie.

The United States Tariff Commission reports on page 10 foot note No. 1 in their preliminary statement of information known as Docket No. 65; that "One plant was idle throughout 1922, 1923, 1924, and operated only four months in 1925." No new companies have started in the whiting business.

Contrast this with the statement of Mr. Libby; "and there have also been new companies started in business on this new schedule."

4. Mr. Libby further stated, "and those new companies have undersold me, decreased the prices."

We refer you to table No. 1, page 108, Summary of Tariff Information 1929 showing unit value of domestic sales in 1922 at \$0.0115 gradually decreasing to

\$0.009925 in 1926. While during the same period imported sales ranged from \$0.0062 in 1922 to \$0.0041 in 1926 and to \$0.0023 in 1928. In other words the prices of imported whiting ran approximately 50 per cent lower for these years than did those of domestic manufacture, again, although the prices of domestic manufactured whiting were lowered the rate of decline was not so great as that of the imported whiting.

The distressing effects of foreign competition may be read in the increasing volume of foreign imports as well as in their decreasing prices. The volume of imports increased from 1,759,583 pounds in 1919 to 80,008,320 pounds in 1928. (See p. 109 Table No. 2, Summary of Tariff Information, 1929.)

5. Mr. Hugh W. Pearson of the United States Kalsomine Co., testified that Whiting Manufactured in United States is unsuitable for making kalsomine.

We respectfully refer you to the attached photographic copies of orders and letters from the following companies:

United States Kalsomine Co., New York.

M. Ewing Fox Co., New York City.

Alabastine Co., Grand Rapids, Mich.

6. Our records are rich in evidence that commercial whiting as manufactured by domestic grinders has always made a satisfactory putty which has been sold in competition with putty of foreign manufacture and protected by tariff.

As evidence that commercial whiting does make a satisfactory putty we are submitting the attached photographic copies of orders and letters from some of the largest manufacturers in the United States, as follows:

John T. Lewis Co., Philadelphia, Pa.

Dicks-Pontius, Dayton, Ohio.

Truscon Laboratories, Detroit, Mich.

William F. Zummach, Milwaukee, Wis.

7. Mr. Fletcher testified, "The increased cost of products into which whiting now enters will cost the American public approximately \$1,000,000 upward—by the time they get through it might be \$2,000,000."

Page 109, Table No. 2, Summary Tariff Information, 1929, shows 1928 imports to be 80,008,320 pounds, equal to approximately 40,000 tons. At \$8 per ton duty this represents only \$320,000 instead of the approximate \$1,000,000 or ultimate \$2,000,000, as indicated by Mr. Fletcher.

8. The average selling price of all grades of American manufactured whiting according to Summary of Tariff Information 1929 (p. 108, Table No. 2) is \$0.009925 per pound, or \$19.85 per ton, and not from \$18 to \$30 per ton, as testified to by Mr. Fletcher.

9. Thus it is very apparent that the testimony of certain individuals interested in the importation of whiting and the manufacture of putty is at great variance with the factual findings as compiled from data obtained by the United States Tariff Commission during an investigation of the whiting industry.

10. We respectfully refer you to item No. 5 of brief submitted by whiting manufacturers to the Finance Committee wherein we have clearly established that the duty necessary to equalize the difference in cost, between Foreign manufacturers and American manufacturers is \$10.85 per ton.

11. We therefore respectfully ask that we be granted this protection in order that the whiting industry developed in the United States almost a century ago may still continue as an American institution.

SOUTHWARK MANUFACTURING Co.,
GEO. W. GRIFFITHS,
Vice President.

AUGUST 6, 1928.

SOUTHWARK MANUFACTURING Co.,
Camden, N. J.:

Please enter our order as follows:

One car Southwark Brand Paris white in 100-pound burlap, as per your letter July 27.

Ship to United States Kalsomine Co., Harrison, N. J., via Pennsylvania Railroad.

UNITED STATES KALSOMINE Co.,
Per E. F. NORTON.

NEW YORK CITY, *October 20, 1927.*

Order No. 17827.

SOUTHWARK MANUFACTURING Co.,
Camden, N. J.:

Kindly enter our order, subject to conditions below, and ship now, one car American Paris white; all 100-pound bags.

M. EWING FOX Co. (INC.),
Per M. E. FOX.GRAND RAPIDS, MICH., *December 28, 1928.*SOUTHWARK MANUFACTURING Co.,
Newark, N. J.
(Attention George W. Griffiths.)

GENTLEMEN: You will find inclosed signed contract covering our next year's requirements of English chalk whiting.

Kindly acknowledge receipt of this contract that we may know that the matter is closed for the year 1929.

Yours truly,

ALABASTINE Co.,
H. C. HAMILTON,
*General Manager.*PHILADELPHIA, *May 1, 1929.*SOUTHWARK MANUFACTURING Co.,
*Camden, N. J.*DEAR SIR: Kindly enter our order for the following, and deliver to color-in-oil department. Our truck will call for this material:
Five tons southwark whiting.JOHN T. LEWIS & BROS. Co.,
Per M. H. MERRITT,
*Acting Purchasing Agent.*DAYTON, OHIO, *April 26, 1929.*SOUTHWARK MANUFACTURING Co.,
Camden, N. J.

GENTLEMEN: Please enter our order for immediate shipment one car of commercial whiting, same as last, usual routing.

Thanking you for your prompt attention, we remain,

Very truly yours,

THE DICKS-PONTIUS Co.,
T. T. PONTIUS.DETROIT, MICH., *May 6, 1929.*SOUTHWARK MANUFACTURING Co.,
Camden, N. J.:

Please furnish us the following material and mail invoice with signed shipping receipt or bill of lading which must show complete routing. All invoices, bills of lading, and delivery slips, must show our order number.

Ship to Truscon Laboratories:

One car, 30 tons, commercial whiting, ground from English cliffstone chalk, same as previously furnished, \$14 per ton.

THE TRUSCON LABORATORIES,
C. A. SHAFER,
General Purchasing Agent.

DECEMBER 29, 1928.

SOUTHWARK MANUFACTURING Co.,
Camden N. J.

GENTLEMEN: We received this morning your letter of December 27, also two copies in the form of a contract for the commercial whiting we will require in the year of 1929.

As requested by you, we have attached our signature to the original one and herewith inclose same for your file, reserving one copy for our file.

Hoping this is satisfactory to you, we remain,

Yours truly,

WM. F. ZUMMACH.

BRIEF OF THE MURALO CO. (INC.), STATEN ISLAND, N. Y.

Hon. REED SMOOT,

*Chairman Finance Committee,
United States Senate, Washington, D. C.*

DEAR SIR: Our company desires to bring to your attention and respectfully requests the consideration of your committee thereto, the following data and other facts reflecting our interest in the proposed increase in duty on whiting.

We favor the increase.

We are manufacturers of calcimine. Have been since 1893.

We produce approximately 10,000 tons annually.

We have invested approximately \$1,000,000.

Our personnel directly connected consists even date of 144 persons, whose names and positions we would be pleased to supply if required.

We export annually some thousands of tons our products to Canada, Australia, New Zealand, Fiji Islands, Africa, South America, Cuba, and American possessions and sell through the United States, maintaining branch offices and warehouse facilities at advantageous locations, including the west coast.

Our calcimine is manufactured from crude, lump chalk as blasted from the quarry, imported from England and France. There is no deposit of chalk in the United States and suitable calcimine can not be made from other pigment than chalk. Whiting is chalk upon which labor has been expended to refine it by a flotation process or by so-called dry process, which is a dry grinding minus flotation. Calcimine is composed of approximately 75 per cent of whiting. Our product therefore has expended upon it in its manufacture the maximum amount possible of American labor.

We are strictly an American corporation and firm advocates of a protective tariff.

Our company is in favor of the proposed increase in import duty on whiting and ground chalk of $\frac{1}{2}$ cent per pound because of the advantage afforded by the low cost of the foreign made goods imported under the present duty of \$1.10 per ton to those domestic manufacturers who employ imported foreign whittings, who, due to their smaller investment in plant, equipment, and American labor, have of recent years offered their calcimine in the domestic markets at constantly reducing prices, reducing thereby our legitimate margins of profit below a reasonable fair return.

An increase in the present duty on the imported whiting and ground chalk, to the extent as proposed, or higher if the need in some instances be proven, would afford us the necessary relief and would work no other hardship upon such calcimine manufacturers who now purchase and employ the foreign made whittings and fine ground chalk, other than adjustment of their selling prices with reasonable relation to the costs of the wholly American made calcimines.

It is not true as has been stated before your committee by a manufacturer of calcimine, that whittings of the grade and type necessary to the manufacture of calcimine are not procurable in the United States nor that whiting and ground chalk produced in the United States are unsuitable for the manufacture of calcimine; in proof to the contrary, our own goods acknowledged in the domestic and foreign markets, for many years, to be of the first quality.

To the detriment of American labor, therefore, the present inadequate duty on whiting and ground chalk imports only assists certain manufacturers to partially manufacture a product which could and should be wholly American made.

Refuting a claim made by same person before your committee with reference to the export of calcimine, wherein after claiming American made calcimine had no competition in the British Colonies, Australia and South America (which we most emphatically deny), he states his business would be wiped out if the proposed increase in duty on imported whiting becomes effective, we beg to state that our company, doing a much greater volume of calcimine exporting to those countries (our exports exceed 20 per cent of our total volume), would in no way be adversely effected by any increased duty which might be levied against imported whiting.

While this communication represents our own company's interests and does not with any authority voice the views of the calcimine industry, we on the other hand beg to call to your attention the fact that the calcimine manufacturer who has appeared before your committee, neither expressed the views of the industry nor stated facts as we know them.

The writer would welcome an invitation to restate all of the foregoing under oath.

Yours very truly,

THE MURALO Co. (INC.),
C. W. CAFES,
Secretary and General Manager.

DIETHYLBARBITURIC ACID (BARBITAL)

[Par. 26]

BRIEF OF THE ABBOTT LABORATORIES, NORTH CHICAGO, ILL.

The rate of \$2.50 a pound on barbital as provided in the House bill is inadequate to protect an industry which is of vital importance to the American people. This rate does not equalize the cost of production here and abroad by a considerable margin. The duty on barbital should not be less than \$3 a pound, preferably \$3.25 a pound, if the struggling American industry is to survive.

Barbital is perhaps the most widely used hypnotic prescribed for insomnia in this country. It is a synthetic product, not of coal-tar origin. Approximately 30,000 pounds of this drug are used in the United States each year. It is usually sold at retail in 5-grain tablets. Since there are 480 grains (Troy) to the ounce, the importance of this drug in the treatment of insomnia and allied ailments in this country is readily apparent. Because of this importance, it is essential that the American industry be developed and protected. Otherwise, we will have to depend upon foreign sources of supply. The late war furnishes plentiful evidences of intense suffering and distress to American men, women, and children because the supply of needed drugs and medicines made exclusively in Germany were cut off. Barbital is also sold in this country under the trade name of Veronal.

Before the war barbital, under the trade name of Veronal, was sold by the American agents of the German producers at \$21.50 a pound. The Germans had a monopoly. At the time when the German supply was cut off because of the war, the Abbott Laboratories at the request of the physicians of this country began the production of the drug. The wholesale price of the domestic product was from \$8.50 to \$10.00 a pound, as against the German pre-war price of \$21.50 a pound. (See attached graph showing price changes before the Committee on Ways and Means.)

Since then the Abbott Laboratories have been able to compete with the foreign producers of barbital. The domestic industry has produced the drug at a price below the domestic price of production in 1919—the price of domestic production—the Abbott Laboratories produced 1,000,000 pounds of barbital at its Chicago plant. The price steadily increased until 1927, when the production of the drug reached 1,000,000 pounds. The price of barbital produced by the Abbott Laboratories in 1928 being only \$2.50 a pound. (See attached graph showing price changes.)

In the summary of information prepared by the Tariff Commission (p. 42) the only figure which shows the price of barbital in 1927 is \$1.35 a pound. In 1928, the import price of the drug in the United States was \$1.35 a pound. (p. 42) states that the price of barbital was sold in Germany at \$1.35 a pound. It also states that the price of barbital in Germany is based on competition.

The domestic cost of production of barbital is \$1.35 a pound, plus administrative expenses (p. 141, Tariff Commission report) of \$1.00 a pound, plus a fair profit of \$0.15 a pound. By adding these items to the cost of production, the price of the drug was sold in Germany in 1928—\$1.35 a pound—a profit of 35 cents is obtained, a figure 35 cents less than the cost of production. It should be remembered that the price of barbital in Germany is based on competition in addition to the cost of production. As a result, the price of barbital in Germany for as low as \$1.25 a pound.

The cost of production of barbital in Switzerland, the chief competing country, as shown by the Summary of Tariff Information (p. 42) is 100 compared to 307 for the domestic product.

The total productive capacity of the American manufacturers of barbital (of which there are two) in 1923, was 36,000 pounds of barbital a year, which is well above the annual domestic consumption according to the Summary of Tariff Information (p. 41) prepared by the Tariff Commission.

HISTORY OF TARIFF LEGISLATION ON BARBITAL

The tariff bill passed by Congress in 1922 placed a duty of 25 per cent ad valorem on barbital. This rate was grossly inadequate, so the Abbott Laboratories appealed to the Tariff Commission for an increase in the rate. The commission, after an extended investigation, recommended an increase of 25 per cent ad valorem on the American wholesale selling price. This investigation and report is printed in full in the House hearings. In its report to the President, the commission stated that, although the highest increase possible under the flexible provisions of the tariff act was given to the rate on barbital (25 per cent on the American wholesale selling price), it was inadequate to protect the American industry. This report in full will be found on pages 129 to 139 in the hearings before the House Ways and Means Committee).

In this report the Tariff Commission says, among other things:

"The tabulation above further indicates that the maximum increase in duty allowable under section 315-B, a change in the basis of assessment of the present 25 per cent ad valorem duty from foreign market value to American selling price, falls considerably short of equalizing production costs in the United States and in the principal competing country.

"The American selling price of any article manufactured or produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for delivery, at which such article is freely offered for sale to all purchasers in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities in such market, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such merchandise when sold in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

"Applying the American selling price to the 1-ounce powder form (\$12.86), we get a duty of \$3.22, an amount less than the difference between the foreign and domestic production cost of barbital in bulk. Applying the same basis to the product in tubes of 100 tablets (\$15.40), we get a duty of \$3.85, which is in excess of the difference between foreign and domestic production costs of barbital in bulk."

Thus we have the United States Tariff Commission after an exhaustive investigation of the cost of production here and abroad, stating in a report to the President of the United States that a duty of \$3.22 will not equalize cost of production in this country and abroad. It will be noted that the commission further stated that a duty of \$3.85 would not be in excess of the difference between foreign and domestic production. According to these figures and the prevailing price of barbital in Germany, the duty on the imported product should be not less than \$3 a pound, preferably \$3.25 a pound, if the industry is to survive.

The manufacture of barbital in this country is an absolute necessity, if the American people are to be protected from the exorbitant prices which will be charged by the foreign producers if the American manufacturers are driven out of business. The German I. G. has steadily increased its domination of the chemical and drug industries of Europe. With this monopoly in control of European production, there is no telling what the price will be if the Abbott Laboratories are compelled to discontinue the manufacture of this most important drug.

The Abbott Laboratories have been able to continue the manufacture of barbital only because a number of patriotic American dealers have paid the higher price so that the manufacture of the drug would continue here, fearing the effect if the production is allowed to get into the hands of the foreign monopoly exclusively. Unless the duty on barbital is increased to not less than \$3 a pound, the Abbott Laboratories may have to discontinue the production of this drug. This will entail loss of employment to a number of men. It may

also provide considerable hardship to persons suffering from insomnia and allied ailments, because the foreign producers will then have the power to fix their own price and to ration the quantities allowed to come to this country. Should the foreign source of supply be cut off, as was the case in the recent war, there would be widespread suffering among the men, women, and children in this country because of a lack of this most important remedy.

The Abbott Laboratories respectfully ask the Senate Finance Committee to increase the rate of duty on imported barbital to \$3.25 a pound. Because of more efficient methods of production, the Abbott Laboratories might be able to successfully compete with the foreign producers if the rate were made \$3 a pound. It would prefer the high rate, however, because this would insure the development of production of this industry.

DYESTUFFS

[Pars. 27 and 28]

SUPPLEMENTAL BRIEF OF THE GENERAL DYESTUFF CORPORATION, NEW YORK CITY

Hon. REED SMOOT,
*Chairman Senate Finance Committee,
United States Senate, Washington, D. C.*

DEAR SIR: We desire to direct your attention to a brief, relative to American valuation on coal-tar dyes as provided for in paragraph 28 of the present tariff act, filed with your committee by the chairman of the tariff committee of the Synthetic Organic Chemical Manufacturers Association, evidently in reply to our oral statement of June 17, 1929.

We wish to point out that we can hardly consider this unsupported and unsworn brief as a reply to our statements made to your committee under oath.

As the members of this association are domestic manufacturers, we fail to see how they could have had sufficient experience in importing under paragraphs 27 and 28 to assert the practicability of the administration of American valuation.

One or two statements, however, have been made, and on which it might be pertinent for your committee to have further information and elucidation.

Firstly, as regards the statement that through American valuation the domestic manufacturer is enabled by selling at lower prices for export to so increase his production as to sell the American consumer at lower prices than existed before the war, we fail to have any knowledge of a single product that is now being sold below pre-war price, with the possible exception of nigrosine, which was produced and exported before the war as well as now.

Secondly, as to the statement that the appraiser has American selling prices of comparable domestic dyes at all times and it is a part of the importers' daily business routine to know what the regular selling prices are, we submit that it is manifestly impossible for anyone to know absolutely correctly the market prices of several hundred different products. Furthermore, everyone knows that information obtained in the trade as to a competitor's selling price is hearsay information, and is hardly reliable enough for the ascertainment of duty. Besides this in many, many cases where a sizable business is obtainable, prices are made that are very considerably lower but which prices are not used for duty purposes.

Yours very truly,

GENERAL DYESTUFF CORPORATION,
H. A. METZ, *President.*

Sworn to before me this 11th day of July, 1919.

[SEAL.]

CARL WM. MUELLER,
Notary Public, Queens County.

Commission expires March 30, 1930.

MEMORANDUM FROM E. R. PICKRELL, REPRESENTING THE GENERAL DYESTUFF CORPORATION

HON. REED SMOOT,
Chairman Finance Committee, United States Senate,
Washington, D. C.

MY DEAR SENATOR SMOOT: There is inclosed herewith a list of entries from which analysis was made and incorporated in my statement before the subcommittee on the chemical schedule on June 17, 1929. This list comprises 391 entries of over 1,000 entries filed by General Dyestuff Corporation and one of its predecessors, H. A. Metz & Co. (Inc.), under paragraphs 27 and 28, since September 22, 1922.

This list of entries gives the date of entry, date of amendment, and date of reappraisal. From this list of entries it is evident that over 5 months elapsed from the date of entry to date of amendment, and over 10 months elapsed from date of entry to date of appraisal.

Very truly yours,

E. R. PICKRELL.

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by
H. A. Metz & Co. (Inc.) and General Dyestuff Corporation

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
829158	Albert Ballin.....	Dec. 30, 1923	.....	A p p . entry.	Jan. 9, 1926	
82770	Breedlyk.....	Jan. 4, 1926	Apr. 22, 1926 Mar. 25, 1926	74803-A	May 11, 1927	Pending:
832766	Thuringia.....	Jan. 9, 1926	.....	.....	.....
833776	Volendam.....	Jan. 13, 1926	Mar. 25, 1926	74146-A	Jan. 21, 1927	Do.
835849	Deutschland.....	Jan. 16, 1926	Apr. 6, 1926	65505-A	Aug. 19, 1926	Do.
841937	Rotterdam.....	Jan. 24, 1926	Mar. 25, 1926	66604-A	Oct. 30, 1926	Do.
848901	Bloomersdyk.....	Feb. 6, 1926	May 6, 1926	70163-A	Jan. 11, 1927	Do.
701071	Westphalia.....	Feb. 8, 1926	May 4, 1926	69479-A	Dec. 13, 1926	Do.
850606	Albert Ballin.....	Feb. 8, 1926	Apr. 21, 1926	63537-A	June 29, 1926	Do.
852705	Burgerdyk.....	Feb. 9, 1926	Mar. 3, 1926	.....	.....
854379	Voendam.....	Feb. 11, 1926	Apr. 14, 1927	72074-A	Feb. 18, 1927	Do.
854232	Ala.....	Feb. 13, 1926	Apr. 23, 1926	.....	.....
836709	Oakspring.....	Mar. 3, 1926	Oct. 27, 1927	79130-A	Dec. 5, 1927	Do.
849322	Montpellier.....	Feb. 22, 1926	.....	59843-A	Apr. 6, 1926	Do.
860667	Volendam.....	Feb. 23, 1926	Oct. 7, 1926	70210-A	Feb. 2, 1927	Do.
862728	P. P. entry.....	Feb. 20, 1926	.....	.....	.....
863507	N. Y. C.....	Feb. 27, 1926	Apr. 9, 1926	.....	.....
97458	Breedlyk.....	Jan. 5, 1926	Apr. 30, 1926	64941-A	July 21, 1926	Do.
98467	Volendam.....	Jan. 12, 1926	.....do.....	63736-A	July 12, 1926	Do.
99451	Vehtdyk.....	Jan. 20, 1926	June 2, 1926	.....	.....
99824	Rotterdam.....	Jan. 25, 1926	Apr. 30, 1926	.....	.....
99621	do.....	do.....	No record	.....	.....
99759	N. Y. C.....	Jan. 26, 1926	do.....	.....	.....
100920	Blommersdyk.....	Feb. 6, 1926	No chance.....	.....	.....
101071	Westphalia.....	Feb. 8, 1926	June 11, 1926	.....	.....
101216	Albert Ballin.....	do.....	Apr. 30, 1926	69479-A	Dec. 13, 1926	Do.
101474	Burgerdyk.....	Feb. 11, 1926	May 6, 1926	62312-A	June 11, 1926	Do.
101724	Voendam.....	Feb. 15, 1926	.....	.....	.....
102554	Montpellier.....	Feb. 23, 1926	Mar. 31, 1927	75328-A	May 11, 1927	Do.
102848	Volendam.....	Feb. 24, 1926	Feb. 4, 1927	61013-A	Apr. 16, 1926	Do.
103714	Oakspring.....	Mar. 3, 1926	No record.....	75329-A	June 13, 1927	Do.
863474	Caronia.....	Feb. 24, 1926	No change.....	63316-A	.....	Mar. 14, 1927.
869655	Vehtdyk.....	Mar. 3, 1926	June 15, 1926	70238-A	Dec. 23, 1926	Pending.
104244	do.....	do.....	June 30, 1927	83007-A	Apr. 7, 1928	Do.
871965	N. Amsterdam.....	Mar. 8, 1926	Nov. 16, 1927 May 20, 1926 D. P.	82066-A	Mar. 5, 1928	Do.
104578	do.....	do.....	Oct. 27, 1927	70424-A	Jan. 4, 1927	Do.
104676	do.....	Mar. 3, 1926	July 1, 1926	64942-A	July 16, 1926	Do.
870696	Cleveland.....	Mar. 2, 1926	Apr. 21, 1926	.....	.....
104392	.....	.....	.....	.....	.....
875971	Kyphissia.....	Mar. 16, 1926	Apr. 21, 1926	.....	.....
877000	Westphalia.....	Mar. 17, 1926	.....	64263-A	July 19, 1926	Do.
877293	Pat. Cris.....	.....	.....	.....	.....
877871	Canad. P. N. Y. C. R. R.	Mar. 19, 1926	.....	.....	.....
879329	West Eldara.....	Mar. 22, 1926	.....	64264-A	July 13, 1926	Do.
105725	.....	.....	.....	62622-A	June 17, 1926	Do.

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
880804	Blommersdyk.....	Feb. 4, 1927	Feb. 4, 1927	84307-A	May 16, 1928	Pending.
105065	.....	.....	Nov. 16, 1927	.....	.....	.....
882724	Albert Ballin.....	Mar. 25, 1926	Jan. 26, 1928	82698-A	Mar. 27, 1928	Do.
880067	Volendam.....	Mar. 29, 1926	Mar. 23, 1926	72674-A	Aug. 28, 1926	Do.
105834	.....	.....	.....	70210-A	Feb. 2, 1927	Do.
88283	Tomalva.....	Mar. 25, 1926	May 28, 1926	.....	.....	.....
108325	.....	.....	.....	69480-A	Nov. 20, 1926	Do.
886287	Baltic.....	Mar. 30, 1926	No change.	.....	.....	.....
887732	Parcel post.....	Apr. 1, 1926	July 16, 1926	.....	.....	.....
889077	Ala.....	Apr. 5, 1926	June 2, 1926	.....	.....	.....
107266	.....	.....	.....	.....	.....	.....
888195	Thuringia.....	Apr. 1, 1926	Sept. 10, 1926	88222-A	Nov. 17, 1928	Do.
891728	Andyk.....	Apr. 7, 1926	Oct. 27, 1927	.....	.....	.....
107748	.....	.....	Apr. 26, 1928	84303-A	Feb. 11, 1927	Do.
107658	.....	.....	July 13, 1928	.....	.....	.....
894371	Deutschland.....	Apr. 5, 1926	July 1, 1926	.....	.....	.....
108238	Innoko.....	Apr. 10, 1926	July 7, 1926	70851	Jan. 14, 1927	Do.
896837	.....	.....	.....	.....	.....	.....
109493	N. Amsterdam.....	Apr. 12, 1926	Apr. 12, 1926	84069	Apr. 20, 1928	Do.
896200	.....	.....	Dec. 1, 1927	.....	.....	.....
899074	Cleveland.....	Apr. 13, 1926	June 2, 1926	82985	Apr. 4, 1928	Do.
132467	Hamburg.....	Apr. 20, 1926	Aug. 4, 1926	72075	Feb. 10, 1927	Do.
?
906976	Cedric.....	Apr. 20, 1926	Aug. 17, 1926	.....	.....	.....
110359	Oakspring.....	May 3, 1926	.....	.....	.....	.....
938202	.....	.....	.....	70151	Dec. 20, 1926	Do.
109734	Rotterdam.....	Apr. 25, 1926	Aug. 17, 1926	69665	Dec. 16, 1926	Do.
130735	Pat. Crds.	.....	.....	70230	Dec. 22, 1926	Do.
908031	Veendam.....	May 1, 1926	Oct. 20, 1926	74985-A	July 16, 1927	Do.
110540	.....	.....	Nov. 16, 1927	84342-A	Dec. 5, 1927	Do.
908003	.....	.....	Oct. 1, 1926	.....	.....	.....
908187	Anaconda.....	May 1, 1926	July 1, 1926	.....	.....	.....
110574	.....	.....	.....	65448-A	Aug. 23, 1926	Do.
908790	Albert Ballin.....	May 3, 1926	Aug. 16, 1926	74905-A	May 13, 1927	Do.
911526	Volendam.....	May 8, 1926	.....	70231-A	Jan. 4, 1927	Do.
111130	.....	.....	.....	.....	.....	.....
912330	Pat. Cards.....	.....	July 10, 1926	.....	.....	.....
912167	.....	.....	.....	75043-A	May 4, 1927	Do.
111243	.....	May 11, 1926	July 16, 1926	84343-A	Dec. 5, 1927	Do.
913203	Thuringia.....	.....	.....	69666-A	Dec. 14, 1926	Do.
914483	Tomalva.....	May 11, 1926	Oct. 20, 1926	69705-A	Dec. 15, 1926	Do.
111692	.....	.....	Reamend.....	76829-A	Aug. 12, 1927	Do.
916631	N. Amsterdam.....	May 15, 1926	July 16, 1926	.....	.....	.....
111970	.....	.....	Feb. 4, 1927	86472-A	Aug. 18, 1928	Do.
916821	Deutschland.....	May 17, 1926	Reamend.....	79560-A	Dec. 15, 1927	Do.
921876	Ala.....	May 22, 1926	Oct. 15, 1927	.....	.....	.....
112758	.....	.....	.....	65790-A	Aug. 28, 1926	Do.
921132	Ryndam.....	May 22, 1926	Feb. 4, 1927	79515-A	Nov. 28, 1927	Do.
112807	.....	.....	Nov. 11, 1927	81668-A	Feb. 20, 1928	Do.
920328	Stuttgart.....	May 24, 1926	July 19, 1926	.....	.....	.....
921620	Cleveland.....	do.....	D. P.	73456-A	Apr. 25, 1927	Do.
112878	.....	.....	Oct. 15, 1927	.....	.....	.....
112717	Lehigh Valley R. R.	May 24, 1926	Nov. 16, 1927	70674-A	Jan. 28, 1927	Do.
924711	Rotterdam.....	May 28, 1926	Sept. 21, 1926	70152-A	Jan. 3, 1927	Do.
113340	.....	.....	Sept. 7, 1926	72291-A	Feb. 15, 1927	Do.
928387	Innoko.....	June 4, 1926	Oct. 15, 1927	84344-A	Apr. 3, 1928	Do.
113941	.....	.....	Aug. 9, 1926	80095-A	Dec. 30, 1927	Do.
92604	Hamburg.....	June 1, 1926	D. P.	.....	.....	.....
928649	George Washington.....	June 4, 1926	Oct. 27, 1927	69966-A	Dec. 14, 1926	Do.
928726	Veendam.....	June 5, 1926	Aug. 26, 1926	79575-A	Dec. 15, 1927	Do.
114206	.....	.....	June 30, 1927	.....	.....	.....
930914	Columbus.....	June 8, 1926	Feb. 4, 1927	84142-A	Apr. 6, 1928	Do.
930915	Westphalia.....	do.....	Nov. 16, 1927	.....	.....	.....
114424	.....	.....	.....	75331-A	May 18, 1927	Do.
933850	Volendam.....	June 14, 1926	Jan. 28, 1927	75675-A	May 18, 1927	Do.
.....	.....	.....	Feb. 4, 1927	84213-A	May 16, 1928	Do.
.....	.....	.....	Dec. 1, 1927	.....	.....	.....

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by
H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amend-ment	Respraise-ment No.	Date of appraisement or appeal	Date of reappraisal
114865	Anaconda.....	.....	May 3, 1928	75641-A	June 8, 1927	Pending.
941205	.....	June 4, 1926	Jan. 28, 1927	82996-A	Apr. 4, 1928	Do.
116109	New Amsterdam.....	June 18, 1926	Dec. 30, 1927	75863	Aug. 25, 1927	Do.
938352	.....	.....	Feb. 4, 1927	85668-A	July 7, 1928	Do.
15622	.....	.....	Dec. 3, 1927	.....	.....	.....
938353	Pat. Crds., Baltic.....	June 22, 1926	.....	.....	.....	.....
940482	Thuringia.....	June 21, 1926	Sept. 10, 1926	73071-A	Apr. 19, 1927	Do.
115659	.....	.....	.....	.....	.....	.....
700231	Rotterdam.....	June 28, 1926	Feb. 4, 1927	.....	.....	.....
700232	.....	.....	Dec. 3, 1927	.....	.....	.....
44	Pat. Cds.	.....	.....	.....	.....	.....
703203	Wytheville.....	July 2, 1926	Feb. 4, 1927	82383-A	Mar. 17, 1928	Do.
500	.....	.....	Dec. 3, 1927	82831-A	Mar. 28, 1928	Do.
944029	Deutschland.....	June 28, 1926	Dec. 17, 1927	82812-A	Mar. 28, 1928	Do.
703660	Wytheville.....	July 2, 1926	Aug. 25, 1926	72076-A	Feb. 10, 1927	Do.
569	.....	.....	Feb. 4, 1927	.....	.....	.....
705686	Ryndam.....	July 3, 1926	Sept. 1, 1926	.....	.....	.....
917	.....	.....	.....	70232-A	Dec. 20, 1926	Do.
140713	Pat. Cds.....	.....	.....	.....	.....	.....
708621	Veendam.....	July 12, 1926	Jan. 27, 1927	82630-A	Mar. 26, 1928	Do.
1426	.....	.....	D. P.	.....	.....	.....
709031	Hamburg.....	July 13, 1926	Dec. 30, 1927	74977-A	July 16, 1927	Do.
1509	Ala.....	July 14, 1926	Nov. 19, 1926	71822-A	Feb. 10, 1927	Do.
709884	.....	.....	Aug. 27, 1926	69668-A	Dec. 14, 1926	Do.
1859	.....	.....	.....	.....	.....	.....
713063	Volendam.....	July 19, 1926	.....	70233-A	Dec. 20, 1926	Do.
2195	.....	.....	Apr. 26, 1927	.....	.....	.....
713064	Samples.....	.....	Dec. 8, 1927	.....	.....	.....
714257	Westphalia.....	July 20, 1926	Dec. 17, 1927	85642-A	July 9, 1928	Do.
716320	Innoko.....	July 23, 1926	May 17, 1928	.....	.....	.....
2763	C. N. R.....	do.....	Feb. 5, 1927	.....	.....	.....
2615	.....	.....	Apr. 18, 1928	.....	.....	.....
715481	Resolute.....	July 23, 1926	Mar. 26, 1927	83698-A	Apr. 27, 1928	Do.
2616	Nieuw Amsterdam.....	July 26, 1926	Nov. 9, 1926	74672	June 14, 1927	Do.
717454	.....	.....	Jan. 28, 1927	73847-A	May 10, 1927	Do.
2952	Albert Ballin.....	July 26, 1927	.....	.....	.....	.....
717753	.....	.....	Apr. 26, 1927	.....	.....	.....
2995	.....	.....	Dec. 4, 1926	80892-A	Dec. 15, 1927	Do.
717754	App. Mn.....	July 28, 1926	D. P.	.....	.....	.....
718390	Celtic.....	July 30, 1926	.....	.....	.....	.....
720918	Rotterdam.....	.....	Feb. 4, 1927	64209-A	.....	Mar. 22, 1927
3455	.....	.....	C. En.	75480-A	May 26, 1927	Pending.
723123	Seldlitz.....	Aug. 4, 1926	Dec. 17, 1927	.....	.....	.....
4461	Anaconda.....	Aug. 9, 1926	No. change.	.....	.....	.....
4597	Deutschland.....	Aug. 10, 1926	Aug. 3, 1928	.....	.....	.....
5518	Belleplaine.....	Aug. 19, 1926	.....	.....	.....	.....
5137	Veendam.....	Aug. 14, 1926	.....	.....	.....	.....
5786	Volendam.....	Aug. 21, 1926	.....	.....	.....	.....
737130	Hamburg.....	Aug. 24, 1926	.....	.....	.....	.....
732161	Cleveland.....	Aug. 27, 1926	.....	74673-A	July 1, 1927	Do.
6623	N. Amsterdam.....	Aug. 28, 1926	.....	.....	.....	.....
739877	New York Central Rail- road.....	Aug. 30, 1926	.....	.....	.....	.....
740768	American Express Co....	Aug. 30, 1926	.....	.....	.....	.....
7062	Ambridge.....	Sept. 1, 1926	.....	84334-A	Apr. 3, 1928	Do.
741433	Veendam.....	Aug. 21, 1926	.....	.....	.....	.....
743203	Westphalia.....	Aug. 31, 1926
7562	Rotterdam.....	Sept. 3, 1926	84787-A	June 9, 1928	Do.

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Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
748068 747794	Cedric..... Albert Ballin.....	Sept. 7, 1926 Sept. 8, 1926	July 22, 1927 Mar. 16, 1928	68646-A 86038-A	July 27, 1928	Mar. 14, 1927 Pending.
747795 8216 8452	Republic..... Wytheville..... Ryndam.....	Sept. 8, 1926 Sept. 9, 1926 Sept. 11, 1926	Not recall. Jan. 21, 1927 Mar. 1, 1927 Dec. 17, 1927 July 13, 1928	86889-A	June 29, 1928	Do.
8395 752812 8647	Baltic..... Thurling..... Innok.....	Sept. 13, 1926 Sept. 15, 1926 Sept. 15, 1926	Mar. 2, 1927 Feb. 14, 1927 Jan. 21, 1927 June 30, 1927	74025-A 76830-A	May 10, 1927 July 19, 1927	Do. Do.
9059	Veendam.....	Sept. 18, 1926	Sept. 31, 1927 Dec. 1, 1927 Dec. 2, 1928	76645-A	Dec. 17, 1927	Do.
754973	American Railway Ex- press.....	.....do.....	Dec. 2, 1928			
756550 9383	Deutschland..... Ala.....	Sept. 20, 1926 Sept. 22, 1926	July 22, 1927 Dec. 2, 1928	79481-A 75660	Nov. 25, 1927 May 4, 1927	Do. Do.
762979 10007 763526	Cleveland..... Volendam..... Pat. Crds.....	Sept. 25, 1926.....do.....	July 22, 1926 May 5, 1927 Nov. 16, 1927 June 13, 1928	78490-A 86455-A	Nov. 9, 1927 Aug. 6, 1928	Do. Do.
10285	Anaconda.....	Sept. 28, 1926	Feb. 25, 1927 Aug. 24, 1927 Dec. 30, 1927	82813-A	Mar. 28, 1928	Do.
764490 10374	American Ry. Express. Reliance.....	Sept. 28, 1926 Sept. 30, 1926	Feb. 9, 1927 Mar. 30, 1927 Dec. 8, 1927	74674-A 83680-A	July 1, 1927 Apr. 27, 1928	Do. Do.
767979 10725 768849	American Ry Express. N. Amsterdam..... Pat. Crds.....	Oct. 2, 1926 Oct. 1, 1926	Jan. 21, 1927 Mar. 5, 1927 Dec. 8, 1927 May 3, 1928	74806-A	Oct. 15, 1927	Do.
768848	Hamburg.....	Oct. 4, 1926	Mar. 1, 1927 Dec. 22, 1927	83958-A	Illegible.....	Do.
11596	Rotterdam.....	Oct. 9, 1926	Mar. 22, 1927 July 28, 1927 Nov. 25, 1927	84870-A	June 13, 1928	Do.
11748	N. Y. C. R. R.....	Oct. 11, 1926	Nov. 25, 1927 Mar. 30, 1927 Dec. 8, 1927	84968-A	Nov. 15, 1928	Do.
11052	Belleplaine.....	Oct. 8, 1926	Mar. 3, 1927 Dec. 17, 1927	84946-A	June 11, 1928	Do.
12394 779743 780057	Noordam..... App. En..... Albert Ballin.....	Oct. 19, 1926 Oct. 19, 1926	Mar. 22, 1927 Dec. 8, 1927 Apr. 9, 1927 Aug. 5, 1927	82621 76849-A	Mar. 26, 1928 July 23, 1927	Do. Do.
13061	Ambridge.....	Oct. 23, 1926	Mar. 1, 1927 Dec. 8, 1927	84521-A	May 29, 1928	Do.
13155	Veendam.....	Oct. 23, 1926	Dec. 8, 1927 Mar. 1, 1927 Dec. 8, 1927	85443-A	June 25, 1928	Do.
784596 784792 13590	Geo. Washington..... Amer. Rwy. Ex..... Reliance.....	Oct. 23, 1926 Oct. 25, 1926 Oct. 28, 1926	Jan. 6, 1927 Mar. 3, 1927 Mar. 23, 1928	84192-A	May 14, 1928	Do.
774359 13954	Baltic..... Volendam.....	Oct. 11, 1926 Oct. 29, 1926	Oct. 29, 1926 Dec. 8, 1927	70703-A 83275-A	Apr. 13, 1928	Mar. 22, 1927 Pending.
791365 14779	Deutschland..... Wytheville.....	Nov. 1, 1926 Nov. 3, 1926	July 22, 1927 Mar. 25, 1927 Dec. 22, 1927	83940-A	Apr. 6, 1928	Do.
(?) 14961	West Shore R. R..... N. Amsterdam.....	Nov. 1, 1926 Nov. 8, 1926	Apr. 15, 1927 Dec. 17, 1927 June 22, 1928	85478-A	June 29, 1928	Do.
799922 798870 15330	Baltic..... Cleveland..... Innok.....	Nov. 9, 1926 Nov. 10, 1926 Nov. 15, 1926	July 22, 1927 Mar. 1, 1927 Dec. 17, 1927	78869-A 83151-A	Nov. 25, 1927 Apr. 9, 1928	Do. Do.
15606	Rotterdam.....	.....do.....	Apr. 2, 1927 Oct. 15, 1927	86538-A	Aug. 1, 1928	Do.
801475 800540 16635	Hamburg..... Amer. Rwy. Ex..... Anaconda.....	.....do..... .....do..... Nov. 22, 1926	Aug. 5, 1927 Nov. 15, 1927 Mar. 30, 1927 Aug. 10, 1927 Dec. 30, 1927 Mar. 31, 1927 May 5, 1927 Nov. 19, 1927	78870 73860-A 82814	May 13, 1927 Mar. 28, 1928	Do. Do.
16646 807639	Noordam..... Pat. Crds.....	Nov. 23, 1926	Mar. 31, 1927 May 5, 1927 Nov. 19, 1927	86395-A	Aug. 1, 1928	Do.

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Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal-ment No.	Date of appraisal or appeal	Date of reappraisal
806500	Westphalia.....	Nov. 26, 1926	July 26, 1927 Liq. June 8, 1296. Addl. 24.85.			
807638 17074	Adriatic..... N. Y. C. R. R.....	Nov. 24, 1926 Nov. 29, 1926	Mar. 22, 1927 Aug. 10, 1927 Dec. 17, 1927 Mar. 20, 1927 No change. Dec. 30, 1927 No change. Aug. 3, 1928 Mar. 1, 1927 Dec. 30, 1927	68677-A 88645-A	Mar. 14, 1927 Dec. 12, 1928	Pending.
17184	Breedyk.....	.....do.....	.....do.....	86697-A	Mar. 27, 1928	Do.
17492	Albert Ballin.....	.....do.....	.....do.....	83047-A	Apr. 4, 1928	Do.
817368 18216	New York Central..... Volendam.....	Dec. 6, 1926 Dec. 4, 1926	Oct. 27, 1927 May 12, 1927 Jan. 12, 1928 May 12, 1927 Jan. 12, 1928	85643-A	July 3, 1928	Do.
18367	.....do.....	Dec. 6, 1926	Jan. 12, 1928	86854-A	Mar. 5, 1928	Do.
18274 18572	N. Y. C. R. R..... Thuringia.....	.....do..... Dec. 7, 1926	Jan. 7, 1927 Mar. 18, 1927 Dec. 30, 1927 May 12, 1927 Nov. 19, 1927	75642-A 83941-A	May 4, 1927 No date.	Do. Do.
18720 820469 19069	Belleplaine..... App. En..... N. Amsterdam.....	Dec. 9, 1926 Dec. 13, 1926	Dec. 30, 1927 Nov. 19, 1927 Apr. 9, 1927	89334-A 83048-A	Jan. 14, 1929 Nov. 7, 1928 Apr. 4, 1928	Do. Do.
823062 823596	App. En..... Deutschland.....	Dec. 14, 1926	Dec. 17, 1927 Mar. 30, 1927 i. e. c. 30, 1927	83844-A	May 1, 1928	Do.
822786 19981	Parcel Post..... Ambridge.....	Dec. 13, 1926 Dec. 18, 1926	Feb. 25, 1927 Mar. 5, 1927 Dec. 17, 1927	72545-A 83681-A	Mar. 14, 1927 Apr. 28, 1928	Do. Do.
20193 829557	Westerdyk..... Pat. Crds.....	Dec. 20, 1926	Apr. 3, 1927 Dec. 22, 1927 Mar. 16, 1928	86396-A	July 31, 1928	Do.
829923 830763 20807	Amer. Rwy. Ex..... Cleveland..... Noordam.....	Dec. 12, 1926 Dec. 21, 1926 Dec. 27, 1926	July 22, 1927 May 12, 1927 Dec. 30, 1927	74356-A	Feb. 8, 1927	Do.
833100 834933 21244	Hamburg..... Amer. Rwy. Ex..... Wytheville.....	Dec. 27, 1926 Dec. 29, 1926 Dec. 29, 1926	July 22, 1927 Jan. 6, 1927 Apr. 9, 1927 Dec. 17, 1927	83969-A 84193	Apr. 19, 1928 May 14, 1928	Do. Do.
21643	Burgerdyk.....	Jan. 3, 1927	Jan. 3, 1927 Aug. 13, 1927 Dec. 17, 1927	86397-A	Aug. 1, 1928	Do.
22408	West Apaum.....	Jan. 10, 1927	Mar. 30, 1927 Dec. 30, 1927	82815-A	Mar. 28, 1928	Do.
22212 840259	Breedyk..... App. En.....	Jan. 7, 1927	Aug. 10, 1927 Mar. 15, 1927 Dec. 1, 1927 Mar. 16, 1928	86321-A	Aug. 25, 1928	Do.
841304 841742	Spreewald..... N. Y. C. R. R.....	Jan. 10, 1927.....do.....	Aug. 5, 1927 Apr. 9, 1927 May 12, 1927 Aug. 19, 1927	80710-A 75488-A	Nov. 30, 1927 June 25, 1927	Do. Do.
848612 22704 23616	Albert Ballin..... Innoko.....	Jan. 11, 1927 Jan. 18, 1927	Jan. 8, 1927 Apr. 9, 1927 Nov. 25, 1927 Jan. 26, 1928 Nov. 21, 1928 Aug. 10, 1927 Nov. 16, 1927 June 22, 1928	77683-A 78853-A 88794-A	Oct. 15, 1927 Nov. 26, 1927 Dec. 12, 1928	Do. Do. Do.
23613 848121	Maasdam..... Pat. Crds.....	.....do.....	.....do.....	86410-A	Aug. 10, 1928	Do.
23618	Volendam.....	Jan. 18, 1927	Apr. 30, 1927 Aug. 5, 1927 Dec. 22, 1927	86698-A	Aug. 31, 1928	Do.
23746	Thuringia.....	Jan. 20, 1927	July 8, 1927 Dec. 28, 1927			
24415	Deutschland.....	Jan. 25, 1927	Apr. 2, 1927 Nov. 9, 1927 Dec. 30, 1927 Apr. 30, 1927	83819-A	May 1, 1928	Do.
24565 24583 24565	Veendam..... Celtic..... Veendam.....	Jan. 25, 1927 Jan. 25, 1927 Jan. 25, 1927	.....do.....	85, 678-A	July 11, 1928	Do.
854218 24479 24929	Pat. Crds..... Blommersdyk..... Anaconda.....	Jan. 25, 1927 Jan. 25, 1927 Jan. 31, 1927do.....	84453-A 82978-A	Dec. 16, 1927 Apr. 4, 1928	Do. Do.

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Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
24964	Bellepline.....	Jan. 31, 1927	Apr. 30, 1927 Aug. 10, 1927 May 17, 1928 May 2, 1929 June 25, 1927 Dec. 30, 1927			
25112	Rotterdam.....	do.....	Aug. 19, 1927 Apr. 22, 1927 Jan. 12, 1928 Aug. 19, 1927 May 12, 1927 Nov. 16, 1927 Dec. 3, 1927	86699-A	Sept. 6, 1928	Pending.
25788	Hamburg.....	Feb. 9, 1927	Aug. 19, 1927	78854-A	Nov. 25, 1927	Do.
862389	Hindenburg.....	Feb. 11, 1927	Apr. 22, 1927	81679-A	Feb. 23, 1928	Do.
862136	N. Y. C. R. R.....	do.....	Jan. 12, 1928			
26210	Noordam.....	Feb. 14, 1927	Aug. 19, 1927 May 12, 1927 Nov. 16, 1927 Dec. 3, 1927	86322-A	Aug. 8, 1928	Do.
865992	Regina.....	Feb. 15, 1927	Not recalled.	75584-A	Sept. 10, 1927	Do.
26568	Ambridge.....	Feb. 16, 1927	May 25, 1927	88224-A	Nov. 26, 1928	Do.
866797	Pat. Cards.....		Aug. 19, 1927 Dec. 30, 1927 Feb. 16, 1928			
26695	Westphalia.....	Feb. 16, 1927	Aug. 16, 1927	78855-A	Nov. 25, 1927	Do.
27133	N. Amsterdam.....	Feb. 21, 1927	Nov. 11, 1927	83820	May 1, 1928	Do.
34699	App. En.....		Jan. 26, 1928			
870015	Albert Ballin.....	Feb. 23, 1927	Aug. 5, 1927	79541-A	Dec. 14, 1927	Do.
27297	Wytheville.....	do.....	Dec. 30, 1927	81896-A	Feb. 29, 1928	Do.
27890	Binnendyk.....	Feb. 26, 1927	May 25, 1927	89869-A	Jan. 10, 1929	Do.
874614	App. En.....		Dec. 30, 1927 June 5, 1928 Jan. 16, 1929 July 28, 1927 Dec. 22, 1927 No change.			
876248	Thuringia.....	Mar. 2, 1927	May 12, 1927 Nov. 25, 1927	84896	June 13, 1928	Do.
28523	Blommersdyk.....	Mar. 5, 1927	Aug. 5, 1927	84890-A	June 13, 1928	Do.
879269	Pat. Crds.....		Dec. 17, 1927			
28804	Westerdyk.....	Mar. 8, 1927	Aug. 5, 1927	891-A	June 13, 1928	Do.
880743	Circulars.....		Dec. 17, 1927			
880513	Deutschland.....	Mar. 8, 1927	Aug. 10, 1927			
881391	Amer. Ryw. Ex.....		Aug. 24, 1927	82001-A	No date.	Do.
881390	N. Y. C. R. R.....	Mar. 9, 1927		79542	Nov. 7, 1927	Do.
886172	Cleveland.....	Mar. 15, 1927	Aug. 10, 1927 Mar. 15, 1927 Dec. 22, 1927 Mar. 15, 1927			
29724	West Apaum.....	do.....	Apr. 22, 1927 Aug. 5, 1927 Dec. 30, 1927 Feb. 27, 1928 June 22, 1928	87185-A	Sept. 15, 1928	Do.
29635	Innoko.....	do.....	Mar. 15, 1927			
886360	Amer. Ry. Ex.....	Mar. 16, 1927	Apr. 22, 1927	78505-A	Nov. 12, 1927	Do.
29755	Volendam.....	Mar. 15, 1927	Aug. 5, 1927 Dec. 30, 1927 Feb. 27, 1928 June 22, 1928	87176-A	Sept. 14, 1928	Do.
30340	Bellepline.....	Mar. 22, 1927	Aug. 5, 1927 Dec. 1, 1927 Aug. 3, 1928 Nov. 26, 1928			
30577	Noordam.....	do.....	Nov. 16, 1927 Jan. 26, 1928 Feb. 21, 1928	86701-A	Sept. 6, 1928	Do.
891082	Hamburg.....	Mar. 23, 1927	Sept. 2, 1927			
30883	Gaasterdyk.....	Mar. 28, 1927	June 30, 1927	84969-A	June 15, 1928	Do.
893385	Pat. Crds.....		Dec. 30, 1927			
893965	Westphalia.....	Mar. 28, 1927	Apr. 4, 1927 Dec. 30, 1927	84067-A	Mar. 26, 1928	Do.
31763	Anaconda.....	Apr. 4, 1927	July 15, 1927 Nov. 25, 1927 Apr. 13, 1928 Apr. 26, 1928			
900202	Albert Ballin.....	Apr. 5, 1927	May 25, 1927	85587-A		Sept. 25, 1928.
32210	Stadsdyk.....	Apr. 7, 1927	Aug. 10, 1927	79921-A	Nov. 28, 1927	Pending.
902149	App. En.....					
32544	N. Amsterdam.....	Apr. 11, 1927	Aug. 10, 1927	82816-A	Mar. 28, 1928	Do.
32798	Ambridge.....	Apr. 12, 1927	Aug. 19, 1927	86702-A	Sept. 5, 1928	Do.
32945	Thuringia.....	Apr. 13, 1927	Aug. 20, 1927			
33444	Volendam.....	Apr. 18, 1927	Sept. 28, 1927	82817-A	Mar. 28, 1928	Do.
909672	Pat. Cards.....					
909957	Amer. Ryw. Ex.....	Apr. 19, 1927	No change.	88062-A	Nov. 19, 1928	Do.
909993	N. Y. C. R. R.....	do.....	May 5, 1927	78506-A	Nov. 10, 1927	Do.
33767	Deutschland.....	do.....	May 25, 1927 Dec. 22, 1927 Oct. 15, 1927 Jan. 19, 1928 Apr. 20, 1928	83942-A	Apr. 20, 1928	Do.
34058	Wytheville.....	Apr. 21, 1927				
913149	do.....	do.....	Jan. 19, 1928 Apr. 20, 1928			
34245	Rotterdam.....	Apr. 22, 1927	Nov. 5, 1927	86870-A	Sept. 18, 1928	Do.
914561	Pat. Crds.....					
915933	Cleveland.....	Apr. 26, 1927	Sept. 28, 1927			

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Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal-ment No.	Date of appraisal or appeal	Date of reappraisal
915267 34907	N. Y. C. R. R. Innoko 4	Apr. 26, 1927 Apr. 29, 1927	July 15, 1927 Sept. 28, 1927 May 3, 1928 Oct. 18, 1927	84194-A	May 15, 1928	Pending.
34751 917376	Noordam Pat. Crds.	.....do.....	.....do.....	82979-A	Apr. 4, 1928	Do.
919069 919090	Hamburg Cedric	May 2, 1927.....do.....	No change. Nov. 4, 1927	.....do.....	.....do.....	.....do.....
35684 923849 35845	Veendam.....do..... Adriatic	May 9, 1927.....do..... .....do.....	Nov. 18, 1927 Apr. 12, 1928 May 9, 1927 Sept. 28, 1927	83682-A	Apr. 27, 1928	Do.
924526 36367 927331	Westphalia West Apaum N. Y. C. R. R.	May 11, 1927 May 14, 1927 May 13, 1927	Aug. 3, 1927 Aug. 5, 1927 Aug. 5, 1927 Nov. 16, 1927 Oct. 27, 1927	83683-A 82412	Apr. 27, 1928 Mar. 17, 1928	Do. Do. Do.
36711 929017 931500	N. Amsterdam Circulars Reliance	May 16, 1927.....do..... May 19, 1927	.....do..... .....do..... Aug. 5, 1927 Sept. 13, 1928	84335-A	May 29, 1928	Do.
5226 929651 37403	Eastern Dawn (Boston) Albert Ballin Bellepline	May 18, 1927 May 16, 1927 May 22, 1927	Not recalled. Nov. 16, 1927 Aug. 5, 1927 Dec. 22, 1927 No change.	82413 83824	Mar. 17, 1928 May 11, 1928	Do.
37477 933952 934767 37725 935254 38036 936874 937835 937671 937837 940224 390128 38980	Burgerdyk Amr. Ry. Ex. .....do..... New York.....do..... Rotterdam.....do..... Deutschland Amer. Ry. Ex. N. Y. C. R. R. Amer. Ry. Ex. N. Y. C. R. R. West Arrow	May 23, 1927 May 23, 1927 May 24, 1927 May 23, 1927.....do..... May 27, 1927.....do..... May 31, 1927 May 31, 1927 May 31, 1927 June 1, 1927 May 26, 1927 June 6, 1927	May 23, 1927 July 28, 1927 Aug. 24, 1927 No change. .....do..... Nov. 5, 1927 Mar. 16, 1928 July 22, 1927 July 22, 1927 Aug. 26, 1927 July 28, 1927 July 28, 1927 Nov. 11, 1927 Mar. 16, 1928 Mar. 30, 1928 April 26, 1928 Dec. 8, 1927 Sept. 13, 1928 June 6, 1927 Oct. 15, 1927 Dec. 3, 1927 Mar. 30, 1928 June 13, 1927 Oct. 27, 1927	84882-A.....do..... 85479-A	June 13, 1928.....do..... June 29, 1928	Do. .....do..... Do.
939061 943179	Volendam Cleveland	June 6, 1927 June 7, 1927	Mar. 30, 1928 April 26, 1928 Dec. 8, 1927 Sept. 13, 1928	88433-A	Dec. 1, 1928	Do.
942662 39707 631a199 947294 947716 40501 948357 952004 952019 950106 952699 40605 40658 954454 41453 41464 42244	N. Y. C. R. R. Veendam Pat. Crds. Samples Hamburg N. Amsterdam Samples Printed matter.....do..... N. Y. C. R. R. Westphalia Ryndam Innoko N. Y. C. R. R. Rotterdam Albert Ballin Burgerdyk	June 13, 1927.....do..... June 13, 1927 June 17, 1927.....do..... June 17, 1927 June 21, 1927 June 22, 1927.....do..... June 23, 1927 June 27, 1927 June 28, 1927 July 5, 1927	June 6, 1927 Oct. 15, 1927 Dec. 3, 1927 Mar. 30, 1928 June 13, 1927 Oct. 27, 1927.....do..... July 15, 1927.....do..... June 21, 1927 June 22, 1927 Nov. 16, 1927 Nov. 5, 1927 Aug. 26, 1927 Jan. 18, 1928 Oct. 15, 1927 Nov. 11, 1927 Mar. 23, 1928 Oct. 27, 1927 Aug. 26, 1927 Sept. 2, 1927 Oct. 15, 1927 Aug. 3, 1928 Aug. 26, 1927 Oct. 27, 1927 Mar. 30, 1928 Nov. 25, 1927 Aug. 26, 1927 Oct. 15, 1927 No change. Aug. 26, 1927 No change. Nov. 19, 1927 Nov. 25, 1927 Nov. 25, 1927 Not recalled. Aug. 26, 1927	84883-A.....do..... 83943-A	June 13, 1928.....do..... Apr. 20, 1928	Do. .....do..... Do.
950106 952699 40605 40658 954454 41453 41464 42244	N. Y. C. R. R. Westphalia Ryndam Innoko N. Y. C. R. R. Rotterdam Albert Ballin Burgerdyk	June 17, 1927 June 21, 1927 June 22, 1927.....do..... June 23, 1927 June 27, 1927 June 28, 1927 July 5, 1927	July 15, 1927.....do..... Nov. 16, 1927 Nov. 5, 1927 Aug. 26, 1927 Jan. 18, 1928 Oct. 15, 1927 Nov. 11, 1927 Mar. 23, 1928 Oct. 27, 1927 Aug. 26, 1927 Sept. 2, 1927 Oct. 15, 1927 Aug. 3, 1928 Aug. 26, 1927 Oct. 27, 1927 Mar. 30, 1928 Nov. 25, 1927 Aug. 26, 1927 Oct. 15, 1927 No change. Aug. 26, 1927 No change. Nov. 19, 1927 Nov. 25, 1927 Nov. 25, 1927 Not recalled. Aug. 26, 1927	83684 82354-A 79545 85584 81821 84195-A	Apr. 26, 1928 Mar. 15, 1928 Oct. 14, 1927 June 27, 1928 Feb. 25, 1928 May 24, 1928	Do. Do. Do. Do. Do. Do. Do.
702396 42704	Thuringia Easterner	.....do..... July 7, 1927	.....do..... No change. Aug. 26, 1927	.....do.....	.....do.....	.....do.....
42913 43034	Eastern Moon Volendam	July 8, 1927 July 9, 1927	Sept. 2, 1927 Oct. 15, 1927 Aug. 3, 1928	80063-A 86872-A	Dec. 30, 1927 Sept. 23, 1928	Do. Do.
43167 43771	Deutschland Bellepline	July 11, 1927 July 13, 1927	Aug. 26, 1927 Oct. 27, 1927 Mar. 30, 1928	78474-A 83331-A	Nov. 10, 1927 Apr. 13, 1928	Do. Do.
43951 711280 711870	Veendam N. Y. C. R. R. Cleveland	July 16, 1927 July 18, 1927 July 19, 1927	Nov. 25, 1927 Aug. 26, 1927 Oct. 15, 1927 No change. Aug. 26, 1927 No change. Nov. 19, 1927 Nov. 25, 1927 Nov. 25, 1927 Not recalled. Aug. 26, 1927	85544-A	July 2, 1928	Do.
712683	Am. Ry. Ex.	July 21, 1927	.....do.....	.....do.....	.....do.....	.....do.....
44546 44776 715736 45006	Anaconda N. Amsterdam N. Y. C. R. R. Cedricdo..... July 23, 1927 July 25, 1927do.....do..... Nov. 19, 1927 Nov. 25, 1927 Not recalled. Aug. 26, 1927	86412-A 85480-A	Aug. 10, 1928 June 29, 1928	Do. Do.

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Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
44993	Hamburg.....	July 25, 1927	Oct. 27, 1927			
716606	Amer. Ry. Ex.....	July 26, 1927	Not recalled			
713345	Parcel post.....	July 23, 1927	Oct. 18, 1927	84304-A	May 16, 1928	Pending.
717886	N. Y. C. R. R.....	July 27, 1927	Not recalled			Do.
45789	West Arrow.....	Aug. 1, 1927	Dec. 1, 1927	83825-A	May 1, 1928	Do.
45599	Rotterdam.....	July 29, 1927	Nov. 5, 1927	84196-A	May 14, 1928	Do.
719676	do.....	do.....	Apr. 26, 1928			
46295	Ambridge.....	Aug. 5, 1927	Dec. 22, 1927	83595-A	Apr. 24, 1928	Do.
46187	Westphalia.....	Aug. 3, 1927	No change...			Do.
725754	Albert Ballin.....	Aug. 8, 1927				Do.
46703	Burgerdyk.....	do.....	Mar. 25, 1928	87, 112	Sept. 17, 1928	Do.
727069	Pat. Crds.....	do.....				
47113	do.....	Aug. 8, 1927	Dec. 2, 1927	81,789-A	Feb. 25, 1928	Do.
727751	N. Y. C. R. R.....	Aug. 11, 1927	No change.			
47158	Wytheville.....	do.....	Oct. 27, 1927	82,355	Mar. 15, 1928	Do.
47633	Volendam.....	Aug. 15, 1927	Dec. 3, 1927	85695	June 26, 1928	Do.
732031	App. En.....	do.....				Do.
732660	Thuringia.....	Aug. 16, 1927	Oct. 27, 1927	81910-A	Dec. 5, 1928	Do.
48071	Easterner.....	Aug. 19, 1927	Nov. 28, 1927	86615-A	Aug. 2, 1928	Do.
			Apr. 20, 1928			
			Aug. 3, 1928			
733480	N. Y. C. R. R.....	Aug. 18, 1927	No amend...			
48325	Veendam.....	Aug. 22, 1927	Dec. 30, 1927	86703-A	Sept. 7, 1928	Do.
735404	N. Y. C. R. R.....	do.....	Oct. 27, 1927			
48420	Deutschland.....	do.....	Dec. 3, 1927			
736863	N. Y. C. R. R.....	do.....	Oct. 15, 1927			
737375	do.....	Aug. 24, 1927	Dec. 17, 1927	83953-A	May 19, 1928	Do.
738904	Resolute.....	Aug. 26, 1927	Oct. 15, 1927			
			No change.			
49383	Innoko.....	Aug. 31, 1927	Dec. 3, 1927	86249-A	Aug. 6, 1928	Do.
			Jan. 19, 1928			
49232	N. Amsterdam.....	Aug. 29, 1927	May 17, 1928	86413	Aug. 10, 1928	Do.
			Jan. 10, 1928			
			Apr. 13, 1928			
742098	Cleveland.....	Aug. 13, 1927				
49357	Coahoma County.....	Sept. 1, 1927	Jan. 26, 1928	84894-A	June 13, 1928	Do.
744427	N. Y. C. R. R.....	Sept. 2, 1927	No amend...	76757	Oct. 27, 1927	Do.
316313	Free en. Bredyk.....	Sept. 1, 1927	Dec. 3, 1927			
49711	do.....	do.....	Jan. 22, 1928	86323-A	Aug. 8, 1928	Do.
744414	do.....	Sept. 1, 1927				
49998	Rotterdam.....	Sept. 3, 1927	Dec. 3, 1927	83036-A	Nov. 20, 1928	Do.
			Feb. 16, 1928			
			Nov. 7, 1928			
746689	Hamburg.....	Sept. 6, 1927	Nov. 25, 1927	81912-A	Feb. 29, 1928	Do.
50596	Beemsterdyk.....	Sept. 8, 1927	Mar. 23, 1928	87634-A	Oct. 29, 1928	Do.
			Oct. 24, 1928			
750222	Westphalia.....	Sept. 14, 1927	Nov. 25, 1927	84063-A	Mar. 24, 1928	Do.
50934	Ryndam.....	Sept. 12, 1927	Jan. 26, 1928	86743	Sept. 6, 1928	Do.
			Mar. 16, 1928			
50886	Belleplaine.....	Sept. 12, 1927	Dec. 3, 1927	83944-A	May 14, 1928	Do.
764486	N. Y. C. R. R.....	Sept. 15, 1927	Nov. 25, 1927			
765359	do.....	Sept. 9, 1927	do.....			
51594	Volendam.....	Sept. 17, 1927	Dec. 30, 1927	86250-A	Aug. 4, 1928	Do.
51611	Anaconda.....	do.....	No change...	84885-A	June 14, 1928	Do.
52106	West Arrow.....	Sept. 23, 1927	Jan. 12, 1928			
			Jan. 26, 1928	84970-A	June 15, 1928	Do.
			Apr. 20, 1928			
52244	Resolute.....	do.....	Dec. 8, 1927			
52403	Veendam.....	Sept. 24, 1927	Mar. 30, 1928	86251-A	Aug. 4, 1928	Do.
761997	Muenchen.....	do.....				
764098	Adriatic.....	Sept. 26, 1927	Dec. 3, 1927			
764150	Thuringia.....	Sept. 27, 1927	Dec. 1, 1927			
			Jan. 29, 1929			
52991	Ambridge.....	Sept. 29, 1927	Jan. 26, 1928	86617-A	Aug. 28, 1928	Do.
			Aug. 3, 1928			
766796	N. Y. C. R. R.....	do.....	Dec. 17, 1927	81795-A	Feb. 25, 1928	Do.
			No change.			
53232	N. Amsterdam.....	Oct. 1, 1927	Jan. 18, 1928	86744-A	Sept. 4, 1928	Do.
			May 3, 1928			
766621	Deutschland.....	Oct. 4, 1927	Dec. 17, 1927	84660-A	May 31, 1928	Do.
53837	Wytheville.....	Oct. 7, 1927	Jan. 26, 1928	86704-A	Sept. 8, 1928	Do.
			Mar. 16, 1928			
54175	Rotterdam.....	Oct. 8, 1927	Jan. 26, 1928	86345	Aug. 7, 1928	Do.
			Mar. 23, 1928			
773797	Reliance.....	Oct. 8, 1927	Dec. 3, 1927	81795-A	Feb. 25, 1928	Do.
775719	Cleveland.....	Oct. 11, 1927	Dec. 30, 1927	83607-A	Apr. 24, 1928	Do.
778305	N. Y. C. R. R.....	Oct. 14, 1927	Dec. 8, 1927			

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by
H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amend-ment	Reap-praise-ment No.	Date of ap-praise-ment or appeal	Date of reap-praise-ment
55139	Ryndam.....	Oct. 17, 1927	Jan. 9, 1928 Mar. 16, 1928 May 17, 1928 Nov. 7, 1928	89037-A	Nov. 20, 1928	Pending.
55012	Hamburg.....	do.	Jan. 12, 1928			
55504	Westerner.....	Oct. 19, 1927	Jan. 26, 1928	86873-A	Sept. 18, 1928	Do.
55683	Innoko.....	Oct. 20, 1927	Dec. 3, 1927			
55830	Volendam.....	Oct. 21, 1927	do.	85444-A	July 23, 1928	Do.
55851	Resolute.....	do.	do.	81899-A	Feb. 29, 1928	Do.
790108	Am. Ry. Ex.	Oct. 28, 1927	Not recalled.			
790522	N. Y. C. R. R.	Oct. 29, 1927	Dec. 8, 1927	81797-A	Feb. 25, 1928	Do.
56856	Veendam.....	Oct. 31, 1927	Jan. 26, 1928 Feb. 27, 1928 Apr. 20, 1928 Mar. 30, 1928 Feb. 16, 1928 Mar. 16, 1928 Aug. 14, 1928 Dec. 3, 1927	86010-A	Aug. 22, 1928	Do.
56869	Western Ally.....	do.	Mar. 30, 1928	86874-A	Sept. 18, 1928	Do.
57090	Albert Ballin.....	Nov. 1, 1927	Feb. 16, 1928 Mar. 16, 1928 Aug. 14, 1928 Dec. 3, 1927	80922-A	do.	Do.
793937	N. Y. C. R. R.	Nov. 4, 1927	No change.			
57928	Belleplaine.....	Nov. 7, 1927	Jan. 12, 1928	84971-A	June 15, 1928	Do.
57861	Thuringia.....	Nov. 9, 1927	Dec. 30, 1927			
57961	Breedyk.....	do.	Mar. 30, 1928 May 3, 1928	86252-A	Aug. 4, 1928	Do.
58536	Rotterdam.....	Nov. 11, 1927	Mar. 23, 1928	86324-A	Aug. 7, 1928	Do.
58728	Deutschland.....	Nov. 14, 1927	Feb. 16, 1928	86253-A	Aug. 4, 1928	Do.
59509	Anaconda.....	Nov. 21, 1927	Jan. 26, 1928 Oct. 19, 1928 Apr. 20, 1928 Jan. 26, 1928 Aug. 14, 1928 Dec. 30, 1927	87636-A	Oct. 29, 1928	Do.
59582	Ryndam.....	do.	Oct. 19, 1928	88225-A	Nov. 27, 1928	Do.
59660	Cleveland.....	do.	Apr. 20, 1928 Jan. 26, 1928 Aug. 14, 1928 Dec. 30, 1927	86876-A	Sept. 18, 1928	Do.
59756	West Arrow.....	Nov. 22, 1927	Jan. 26, 1928 No change.	85445-A	June 23, 1928	Do.
808577	Am. Ry. Ex.	Nov. 21, 1927	No change.			
812668	N. Y. C. R. R.	Nov. 26, 1927	Feb. 21, 1928	86414-A	Aug. 9, 1928	Do.
60405	Ambridge.....	Nov. 28, 1927	Jan. 26, 1928	84980-A	June 12, 1928	Do.
60530	Hamburg.....	do.	No change.			
60922	Volendam.....	Nov. 30, 1927	April 20, 1928	90646-A	June 28, 1928	Do.
816790	Pat.		July 13, 1928			
817160	Cards.....		Feb. 15, 1928 Feb. 16, 1928	86254-A	Aug. 4, 1928	Do.
61325	City of Alton.....	Dec. 6, 1927	do.	86335-A	July 13, 1928	Do.
820842	Westphalia.....	Dec. 7, 1927	No change.			
61593	N. Y. C. R. R.	do.	Mar. 16, 1928	91537-A	Feb. 17, 1928	Do.
61944	Westerdyk.....	Dec. 12, 1927	Feb. 21, 1928	86618-A	Aug. 22, 1928	Do.
63274	Wytheville.....	Dec. 21, 1927	Jan. 26, 1928	86980-A	Sept. 20, 1928	Do.
825448	Albert Ballin.....	Dec. 13, 1927	Jan. 26, 1928 No change. Not recalled.			
826360	Cedric.....	Dec. 14, 1927	Dec. 15, 1927 Jan. 12, 1928 No change.			
826286	Reliance.....	do.	April 26, 1928 June 22, 1928			
62914	Gaasterdyk.....	Dec. 19, 1927	April 26, 1928			
344548	do.	do.	June 22, 1928			
Free en.						
83160	Innoko.....	Dec. 20, 1927	Mar. 23, 1928	86255-A	Aug. 4, 1928	Do.
831202	New York.....	Dec. 19, 1927	No change.			
63913	Ryndam.....	Dec. 27, 1927	Mar. 30, 1928 June 5, 1928 Feb. 16, 1928	85515-A	June 1, 1929	Do.
63971	Deutschland.....	do.	Feb. 16, 1928	86981-A	Sept. 20, 1928	Do.
834495	Westport.....	Dec. 28, 1927	Not recalled.			
64551	N. Y. C. R. R.	Jan. 1, 1928	Mar. 3, 1928	84650-A	May 31, 1928	Do.
64536	Volendam.....	Jan. 3, 1928	Mar. 30, 1928			
64611	Mercer.....	do.	Mar. 16, 1928	86456-A	July 31, 1928	Do.
841534	Cleveland.....	Jan. 4, 1928	Jan. 26, 1928 No change.			
65379	Boschdyk.....	Jan. 7, 1928	Mar. 16, 1928	86256	Aug. 3, 1928	Do.
843235	Am Ry. Ex.	Jan. 9, 1928	Mar. 23, 1928	84465-A	May 22, 1928	Do.
844611	Hamburg.....	Jan. 10, 1928	Mar. 16, 1928 No change.			
66160	Belleplaine.....	Jan. 16, 1928	Mar. 23, 1928 No change.			
66488	Grootendyk.....	do.	Apr. 20, 1928	88882-A	Dec. 12, 1928	Do.
66435	Anaconda.....	do.	Mar. 16, 1928	86745	Sept. 4, 1928	Do.
66685	Westphalia.....	Jan. 19, 1928	Feb. 16, 1928 No change.			

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amend-ment	Reap-praise-ment No.	Date of ap-praisal-ment or appeal	Date of reap-praisal-ment
66070	Westerdyk.....	Jan. 24, 1928	Apr. 20, 1928	89480-A	Jan. 17, 1929	Pending.
67341	Rotterdam.....	Jan. 25, 1928	Apr. 5, 1928	85746-A	Sept. 4, 1928	Do.
854032	Albert Ballin.....	do	Mar. 23, 1928	86351-A	July 31, 1928	Do.
854301	Amer. Ry. Ex.....	Jan. 26, 1928	May 3, 1928	85586-A	July 11, 1928	Do.
67569	West Arrow.....	Jan. 31, 1928	do	8-257	Aug. 3, 1928	Do.
67868	Ryndam.....	do	do	88987-A	Jan. 4, 1929	Do.
859012	Dresden.....	Feb. 2, 1928	Not recalled.			
68007	Ambridge.....	do	Apr. 13, 1928	83549	Nov. 30, 1928	Do.
68314	Thuringia.....	Feb. 3, 1928	Aug. 14, 1928			
68800	Volendam.....	Feb. 6, 1928	Apr. 26, 1928	88550-A	Nov. 22, 1928	Do.
68817	Deutschland.....	Feb. 7, 1928	Mar. 16, 1928	86539-A	Aug. 1, 1928	Do.
			No change.			
66205	City of Alton.....	Feb. 9, 1928	Apr. 5, 1928	86457-A	.....do.....	Do.
			No change.			
66370	Gaasterdyk.....	Feb. 14, 1928	do	87113-A	Sept. 17, 1928	Do.
			Aug. 14, 1928			
865599	N. Y. C. R. R.....	Feb. 14, 1928	Mar. 16, 1928			
			No change.			
866246	Cleveland.....	Feb. 14, 1928	Mar. 16, 1928			
69476	Wytheville.....	Feb. 17, 1928	Aug. 14, 1928	90003-A	Feb. 14, 1929	Do.
70138	Breedyk.....	Feb. 20, 1928	Apr. 13, 1928	88743-A	Nov. 1, 1928	Do.
			Nov. 27, 1928			
70294	Innoko.....	Feb. 21, 1928	Apr. 20, 1928	88226-A	Nov. 27, 1928	Do.
872977	Hamburg.....	do	Mar. 23, 1928			
			No change.			
70976	Grootendyk.....	Feb. 27, 1928	May 17, 1928			
			Oct. 24, 1928			
			Feb. 28, 1929	90429-A	Mar. 12, 1929	Do.
			Apr. 13, 1928			
879265	Westphalia.....	Mar. 1, 1928				
879264	Albertic.....	do				
71862	Ryndam.....	Mar. 5, 1928	Aug. 22, 1928			
881478	Pat. Cards.....					
71881	Amer. Ry. Ex.....	Mar. 3, 1928	Mar. 30, 1928	84454-A	May 22, 1928	Do.
71331	Western Ally.....	Mar. 6, 1928	Apr. 29, 1928	88227-A	Nov. 28, 1928	Do.
71977	Albert Ballin.....	do	Apr. 20, 1928			
			Aug. 22, 1928			
884570	Amer. Ry. Ex.....	Mar. 7, 1928	May 17, 1928	88279-A	Nov. 26, 1928	Do.
			No change.			
886872	Ryndam.....	Mar. 5, 1928	Apr. 20, 1928	88234-A	Nov. 13, 1928	Do.
			No change.			
72631	Mercer.....	Mar. 9, 1928	June 22, 1928	89079-A		Jan. 7, 1929
			Dec. 13, 1928			
886028	Amer. Ry. Ex.....	do	Not recalled.			
72755	N. Amsterdam.....	Mar. 10, 1928	June 29, 1928	89335-A	Jan. 25, 1929	Pending.
73037	Thuringia.....	Mar. 14, 1928	Apr. 13, 1928			
886485	Amer. Ry. Ex.....	do	Mar. 23, 1928			
			No change.			
73051	Belleplaine.....	Mar. 13, 1928	May 17, 1928	88516-A	Dec. 12, 1928	Do.
73491	Westerdyk.....	Mar. 19, 1928	May 17, 1928			
368727	do	do	do			
Free en.						
73594	Anaconda.....	Mar. 17, 1928	May 17, 1928	88485-A	Dec. 1, 1928	Do.
891659	N. Y. C. R. R.....	Mar. 19, 1928				
891852	Deutschland.....	do	June 22, 1928			
			Dec. 13, 1928			
13520	Parcel post (Alb. Ballin).....	do				
900191	Albert Ballin.....	do				
74402	Volendam.....	Mar. 24, 1928	July 13, 1928	90187-A	Feb. 27, 1929	Do.
			Nov. 7, 1928			
896887	do		Feb. 6, 1929			
897103	do					
903959	do	Mar. 24, 1928	No change.			
896516	N. Y. C. R. R.....	do	Not recall.			
74423	Geo. Washington.....	do	Not recall.			
74578	Cleveland.....	Mar. 26, 1928	May 3, 1928			
			Aug. 28, 1928			
74616	West Arrow.....	Mar. 27, 1928	June 5, 1928	88863-A	Dec. 19, 1928	Do.
900858	N. Y. C. R. R.....	Mar. 30, 1928	May 3, 1928	88-21-A	Dec. 1, 1928	Do.
76358	Breedyk.....	Apr. 4, 1928	June 29, 1928	90278-A	Mar. 7, 1929	Do.
			Feb. 6, 1929			
76261	Hamburg.....	Apr. 2, 1928	May 17, 1928			
76554	Ambridge.....	Apr. 4, 1928	June 5, 1928			
76991	Ryndam.....	Apr. 9, 1928	Aug. 22, 1928			
			May 2, 1929			
76155	City of Alton.....	Apr. 9, 1928	Aug. 22, 1928	90065-A	Feb. 11, 1929	Do.

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by
H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
906008 76855	Westphalia..... Wytbeville.....	Apr. 11, 1928 Apr. 14, 1928	June 5, 1928.....do..... No change.			
77023	N. Amsterdam.....	Apr. 16, 1928	Aug. 14, 1928 Feb. 6, 1929	90482-A	Mar. 13, 1929	Pending.
376677 Free en. 912171	.....do..... Albert Ballin.....	.....do..... Apr. 16, 1928	.....do..... May 17, 1928 No change.			
915027	N. Y. C. R. R.....	.....do.....	June 5, 1928 No change.			
77784 917670 77989 78138	Rotterdam..... Thuringia..... Innoko..... N. Y. C. R. R.....	Apr. 20, 1928 Apr. 24, 1928 Apr. 23, 1928 Apr. 24, 1928	Nov. 7, 1928 Dec. 13, 1928 Aug. 14, 1928 May 17, 1928 No change.			
920654	Am. Ry. Ex.....	Apr. 27, 1928	June 5, 1928 No change.	85687-A	July 11, 1928	Do.
78569	Volendam.....	Apr. 28, 1928	July 13, 1928 Nov. 21, 1928	88989-A	Jan. 9, 1929	Do.
921102	Am. Ry. Ex.....	Apr. 30, 1928	May 27, 1928 No change.	88422-A	Dec. 1, 1928	Do.
922426 78798 79536 79319	Deutschland..... Western Ally..... Mercer..... N. Y. C. R. R.....	.....do..... May 1, 1928 May 5, 1928 May 4, 1928	June 5, 1928 June 29, 1928 Aug. 3, 1928 June 5, 1928 No change.	88228-A 89003-A	Nov. 27, 1928 Jan. 11, 1929	Do. Do.
925075	P. P. S. S. N. Y.....	May 2, 1928	June 5, 1928 No change.	86423-A	Aug. 13, 1928	Do.
79538	Westerdyk.....	May 7, 1928	Aug. 22, 1928 Feb. 26, 1929			
79640 929906	Cleveland..... N. Y. C. R. R.....	.....do..... May 10, 1928	Sept. 20, 1928 June 22, 1928 No change.			
80263 80377	Belleplaine..... Veendam.....	May 11, 1928 May 12, 1928	Aug. 14, 1928 Aug. 23, 1928 Dec. 13, 1928 Feb. 6, 1929			
80892 932256 80970	Hamburg..... Celtic..... N. Y. C. R. R.....	May 14, 1928 May 15, 1928 May 16, 1928	Aug. 23, 1928 Not recalled June 5, 1928 No change.			
80691	Anaconda.....	May 17, 1928	Aug. 28, 1928 Feb. 28, 1929			
938292	N. Y. C. R. R.....	May 18, 1928	June 22, 1928 No change.			
81162 81245	.....do..... N. Amsterdam.....	May 19, 1928.....do.....	Not recalled. Oct. 19, 1928 Feb. 15, 1929 Mar. 29, 1929	85680-A	July 11, 1928	Do.
938227	Albert Ballin.....	May 21, 1928	Sept. 13, 1928 No change.			
81796 82121	Ambridge..... Rotterdam.....	May 24, 1928 May 26, 1928	June 29, 1928 Sept. 13, 1928 Jan. 16, 1929 Mar. 13, 1929			
941455 81977 941458	Pat Crds..... Rellance..... N. Y. C. R. R.....	May 24, 1928 May 24, 1928 May 28, 1928	June 9, 1928 June 22, 1928 No change.	88223-A	Dec. 14, 1928	Do.
943443 82723 944613 944633	New York..... City of Alton..... Pat. Crds..... N. Y. C. R. R.....	.....do..... June 1, 1928.....do..... June 1, 1928	July 20, 1928 July 13, 1928 No change. Nov. 21, 1928 No change. Nov. 21, 1928	90491-A 88092-A	Feb. 9, 1929 Jan. 4, 1929	Do. Do.
945077	.....do.....	June 2, 1928	July 29, 1928 No change. Nov. 21, 1928			
82982	Volendam.....	June 4, 1928	No change. Sept. 13, 1928 Feb. 26, 1929			
948648	.....do.....	.....do.....	June 15, 1928 No change.			
946409	Deutschland.....	June 4, 1928	June 15, 1928 No change.	88063-A	Nov. 20, 1928	May 23, 1929

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
83941	N. Y. C. R. R.	June 6, 1928	Not recalled.			
83513	Wytheville	June 7, 1928	Sept. 13, 1928			
83767	Cleveland	June 11, 1928	do			
83841	Breedyk	do	Dec. 20, 1928 Sept. 13, 1928 Feb. 10, 1929			
961298	N. Y. C. R. R.	June 13, 1928	Not recalled.			
84179	do	do	June 23, 1928 No change.			
84181	Innoko	June 14, 1928	Oct. 19, 1928	90584-A	Mar. 25, 1929	Pending.
962300	Pat. Crds. Innoko	do	do			
964016	American Ry. Express	June 15, 1928	Aug. 3, 1928 No change.			
965034	Hamburg	June 18, 1928	Sept. 13, 1928 No change.			
84857	New Amsterdam	June 19, 1928	Nov. 7, 1928 Jan. 10, 1929 Oct. 19, 1928			
83379	Western Ally	June 23, 1928	May 2, 1929 Oct. 19, 1928			
83379	do	do	May 2, 1929 Oct. 19, 1928			
969448	Reliance	June 22, 1928	Aug. 3, 1928 No change.			
961286	Albert Ballin	June 25, 1928	Sept. 13, 1928	86894-A	Feb. 9, 1929	Do.
85764	Rotterdam	do	Aug. 20, 1928 Feb. 25, 1929			
961435	(Pat. Crds.), Rotterdam	June 25, 1928	Sept. 13, 1928			
86346	Mercer	June 25, 1928	do			
964100	Pat. Crds., Mercer	do	do			
86713	Ryndam	July 2, 1928	Sept. 13, 1928			
86629	New York	do	do			
86912	Belleplaine	July 5, 1928	Oct. 19, 1928	90430-A	Mar. 25, 1929	Do.
87227	Volendam	July 7, 1928	Oct. 24, 1928 Feb. 25, 1929			
87202	N. Y. C. R. R.	July 7, 1928	Not recalled.			
706616	Deutschland	July 9, 1928	Nov. 21, 1928 No change.			
87866	N. Y. C. R. R.	July 12, 1928	Aug. 22, 1928			
706376	American Railway Express	do	do			
87857	Anacoda	July 13, 1928	Sept. 13, 1928	90633-A	Apr. 17, 1929	Do.
708648	American Railway Express	do	Aug. 28, 1928 No change.			
88239	Veendam	July 14, 1928	Oct. 24, 1928 Mar. 13, 1929 May 2, 1929			
80461	Free entry	do	do			
709741	Cleveland	July 16, 1928	Not recalled.			
85791	Ambridge	July 19, 1928	do			
86896	New Amsterdam	July 21, 1928	Feb. 25, 1929	91147-A	Apr. 27, 1929	Do.
713008	Pat. Crds. New Amsterdam	do	Oct. 19, 1928	89633-A	Feb. 14, 1929	Do.
806467	Free entry	do	do			
714570	American Railway Express	July 23, 1928	Sept. 13, 1928 No change.			
714571	N. Y. C. R. R.	do	Dec. 20, 1928			
89058	Hamburg	do	Oct. 19, 1928 Dec. 13, 1928			
89718	City of Alton	July 25, 1928	Sept. 13, 1928	90483-A	Mar. 25, 1929	Do.
717100	Cleveland (P. P.)	July 26, 1928	do			
89680	Rotterdam	July 27, 1928	No change. Nov. 14, 1928 Dec. 13, 1928 Nov. 26, 1928	87639-A	Oct. 29, 1928	Do.
717971	N. Y. C. R. R.	do	Nov. 21, 1928 No change.			
719161	do	July 23, 1928	Nov. 14, 1928	89945-A	Feb. 6, 1929	Do.
90126	Albert Ballin	July 30, 1928	Oct. 19, 1928 Feb. 26, 1929	90431-A	Mar. 11, 1929	Do.
90446	Wytheville	Aug. 3, 1928	Nov. 14, 1928 Feb. 15, 1929	90308-A	Mar. 7, 1929	Do.
90724	Bergedyk	Aug. 6, 1929	Nov. 14, 1928	90308-A	Apr. 7, 1929	Do.
90711	New York	do	Sept. 20, 1928 No change.			
91897	Innoko	Aug. 9, 1928	Dec. 13, 1928			
727371	Pat. crd. Innoko	do	Nov. 21, 1928			
727326	N. Y. C. R. R.	do	Not recalled.			

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1898 by H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
729126	Deutschland.....	Aug. 13, 1928	Nov. 14, 1928			
91777	Volendam.....	do.....	No change.			
729685	(Circulars).....	do.....	Nov. 7, 1928			
92334	Western Ally.....	Aug. 17, 1928	Nov. 21, 1928			
92504	Veendam.....	Aug. 18, 1928	Feb. 26, 1929	91506	May 14, 1929	Pending.
733812	Pat. crds. Veendam.....	do.....	Mar. 13, 1929			
92559	Cleveland.....	Aug. 20, 1928	Oct. 19, 1928			
			No change.			
			Dec. 13, 1928			
			Apr. 11, 1929			
93235	Mercer.....	Aug. 24, 1928	Nov. 14, 1928	90934-A	Apr. 9, 1929	Do.
93291	Rellance.....	do.....	Not recalled.			
93406	N. Amsterdam.....	Aug. 25, 1928	Jan. 16, 1929			
			Feb. 15, 1929			
738928						
739579	N. Y. C. R. R.....	Aug. 27, 1928	Nov. 14, 1928			
			No change.			
93475	do.....	do.....	Nov. 14, 1928			
			No change.			
			Dec. 13, 1928			
739994	Adriatic.....	do.....	Not recalled.			
94215	Belleplaine.....	Aug. 31, 1928	Dec. 20, 1928	91221-A	May 9, 1929	Do.
742907	Cleveland (PF).....	Aug. 29, 1928	Not recalled.			
94221	Rotterdam.....	Sept. 1, 1928	Mar. 13, 1929			
743760	Pat. Crds. Rotterdam.....	do.....				
94297	Albert Ballin.....	Sept. 4, 1928	Nov. 14, 1928			
			No change.			
			Dec. 13, 1928			
			Amended.			
94756	N. Y. C. R. R.....	Sept. 6, 1928	Oct. 19, 1928			
748582	Sierra Cordoba.....	Sept. 7, 1928	Oct. 24, 1928			
95017	Anaconda.....	do.....	Dec. 20, 1928	91314-A	May 4, 1929	Do.
95330	New York.....	Sept. 10, 1928	Dec. 13, 1928			
95331	Ryndam.....	do.....	do.....			
			Feb. 15, 1929	91107-A	Apr. 17, 1929	Do.
751260	do.....	do.....				
95741	Ambridge.....	Sept. 14, 1928	Dec. 13, 1928	90484-A	Mar. 25, 1929	Do.
95974	Volendam.....	Sept. 17, 1928				
755242	Pat. Crds. Volendam.....	do.....				
320751	Free en.					
755585	Westphalia.....	Sept. 18, 1928	Dec. 13, 1928			
			No change.			
			Dec. 13, 1928			
			No change.			
757820	N. Y. C. R. R.....	Sept. 19, 1928	Jan. 16, 1929			
96709	City of Alton.....	Sept. 22, 1928				
760574	Pat. Crds. Alton.....	do.....				
96844	Cleveland.....	do.....	Nov. 7, 1928			
			No change.			
			Dec. 13, 1928			
			Amended.			
96633	Veendam.....	do.....	Feb. 6, 1929			
760463	Pat. Crds. Veendam.....					
762295	N. Y. C. R. R.....	Sept. 24, 1928	Nov. 7, 1928			
			No change.			
97279	Wytheville.....	Sept. 27, 1928	Nov. 14, 1928			
			No change.			
97428	N. Amsterdam.....	Sept. 28, 1928	Jan. 25, 1929	91148-A	Apr. 26, 1929	Do.
324064	Free en. Amsterdam.....	do.....				
765536	Circs. Amsterdam.....					
97619	Hamburg.....	Oct. 1, 1928	Nov. 14, 1928			
			Dec. 13, 1928			
98203	Innoko.....	Oct. 4, 1928	Feb. 6, 1929			
98335	Rotterdam.....	Oct. 5, 1928	do.....			
771793	Pat. Crds. Rotterdam.....	do.....				
98534	N. Y. C. R. R.....	Oct. 8, 1928	Jan. 25, 1929			
98660	Albert Ballin.....	Oct. 9, 1928	Nov. 14, 1928			
			No change.			
			Dec. 13, 1928			
			Mar. 29, 1929			
99120	Western Ally.....	Oct. 15, 1928	Jan. 25, 1929	91070-A	May 3, 1929	Do.
			No change.			
328214	Free entry Western Ally.....					
99352	Gaasterdyk.....	Oct. 19, 1928	Feb. 6, 1929			
779188	Pat. Crds. Gaasterdyk.....	do.....				
99350	New York.....	Oct. 15, 1928	Jan. 25, 1929			
			No change.			

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by H. A. Metz & Co. (Inc) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
100051	Mercer.....	Oct. 22, 1923	Feb. 6, 1929			
100217	Volendam.....	do.....	Mar. 13, 1929			
99957	Rellance.....	Oct. 19, 1923	Jan. 25, 1929			
			No change.			
787632	N. Y. C. R. R.....	Oct. 24, 1923	Jan. 23, 1929			
788867	do.....	Oct. 26, 1923	do.....			
			No change.			
			Mar. 29, 1926			
			Amended.			
100870	Veendam.....	Oct. 29, 1923	Feb. 6, 1929			
790120	do.....	do.....	do.....			
790119	Cleveland.....	Oct. 30, 1923	do.....			
792128	N. Y. C. R. R.....	do.....	do.....			
100799	Belleplaine.....	Nov. 2, 1923	Feb. 6, 1929			
			Apr. 11, 1929			
			Jan. 25, 1929			
			No change.			
796436	Hamburg.....	Nov. 5, 1923	Feb. 15, 1929			
			do.....			
101763	Anaconda.....	do.....	do.....			
101605	Ryndam.....	do.....	do.....			
795427	Circs. Ryndam.....	do.....	do.....			
102070	Ambridge.....	Nov. 8, 1923	Mar. 13, 1929			
807272	do.....	do.....	Mar. 20, 1929			
102495	Rotterdam.....	Nov. 12, 1923	do.....			
802024	Pat. Crds. Rotterdam.....	do.....	do.....			
102406	Albert Ballin.....	do.....	Feb. 6, 1929			
103529	City of Alton.....	Nov. 19, 1923	do.....			
808546	Pat. Crds.....	do.....	do.....			
103373	N. Amsterdam.....	Nov. 19, 1923	Mar. 13, 1929			
807300	Circs. Amsterdam.....	do.....	do.....			
103696	New York.....	Nov. 20, 1923	Feb. 15, 1929			
103782	(Siegle.) New York.....	do.....	Dec. 20, 1928			
	Wytheville.....	Nov. 28, 1923	Feb. 6, 1929			
813183	Deutschland.....	Nov. 27, 1923	Feb. 15, 1929			
104420	Westerdyk.....	Nov. 28, 1923	Mar. 13, 1929			
814754	(Circs.) Westerdyk.....	do.....	do.....			
817956	N. Y. C. R. R.....	Dec. 1, 1923	Jan. 25, 1929			
			No change.			
			Mar. 29, 1929			
			Feb. 15, 1929			
105041	Ala.....	Dec. 4, 1923	do.....			
105416	Cleveland.....	do.....	do.....			
105490	Blommersdyk.....	Dec. 6, 1923	do.....			
824847	Hamburg.....	Dec. 10, 1923	Not recalled.			
824975	Regina.....	do.....	Not recalled.			
106102	Ryndam.....	do.....	do.....			
825696	(Circs.) Ryndam.....	do.....	do.....			
106233	Sacandaga.....	Dec. 11, 1923	Mar. 29, 1929			
826330	(Circs.) Sacandaga.....	do.....	do.....			
106705	Am. Ry. Ex.....	Dec. 15, 1923	Mar. 13, 1929			
			No change.			
107012	Gaasterdyk.....	Dec. 18, 1923	do.....			
830049	do.....	do.....	do.....			
107091	Albert Ballin.....	Dec. 18, 1923	Feb. 15, 1929			
107490	N. Y. C.....	Dec. 20, 1923	do.....			
107668	do.....	do.....	do.....	91071-A	May 3, 1929	Pending.
107636	Coahoma County.....	do.....	Apr. 11, 1929			
107714	N. Amsterdam.....	Dec. 24, 1923	do.....			
107949	New York.....	Dec. 25, 1923	Mar. 29, 1929			
838539	American Railway Ex- press.....	Dec. 28, 1923	Jan. 25, 1929			
			No change.			
108433	Beemsterdyk.....	Jan. 2, 1929	do.....			
839209	do.....	do.....	do.....			
108568	Anaconda.....	do.....	Mar. 29, 1929			
108726	Resolute.....	do.....	Mar. 13, 1929			
			No change.			
845110	Thuringia.....	do.....	Mar. 13, 1929			
108876	New York Central R. R.....	Jan. 3, 1929	do.....			
			No change.			
109287	Westerdyk.....	Jan. 7, 1929	do.....			
848900	do.....	do.....	do.....			
109328	City of Alton.....	Jan. 9, 1929	do.....			
840050	Deutschland.....	Jan. 8, 1929	Mar. 13, 1929			
110141	Ryndam.....	Jan. 14, 1929	do.....			
848793	Pat. Crds.....	do.....	do.....			
333899	Free entry.....	do.....	do.....			
854664	do.....	do.....	do.....			
110242	Hamburg.....	Jan. 14, 1929	Feb. 15, 1929			
110734	Belleplaine.....	Jan. 18, 1929	do.....			

Entries of commodities covered by paragraphs 27 and 28 of the tariff act of 1922 by
H. A. Metz & Co. (Inc.) and General Dyestuff Corporation—Continued

Entry No.	Name of steamer	Date of entry	Date of amendment	Reappraisal No.	Date of appraisal or appeal	Date of reappraisal
111040	Albert Ballin.....	Jan. 22, 1929	Mar. 13, 1929 No change.			
111016	Volendam.....	Jan. 21, 1929				
854092	Pat. Crds., Volendam.....	do.				
854909	American Railway Express.	Jan. 23, 1929	Not recalled.			
111752	New Amsterdam.....	Jan. 23, 1929				
855763	do.....	do.				
112410	Rotterdam.....	Feb. 1, 1929				
862713	Pat. Crds., Rotterdam.....	do.				
112343	Secandaga.....	Feb. 4, 1929				
862854	Westphalia.....	do.				
113279	Sao City.....	Feb. 9, 1929				
113742	Deutschland.....	Feb. 13, 1929				
113725	Maasdam.....	Feb. 14, 1929				
871161	Pat Crds., Maasdam.....	do.				
114257	Ryndam.....	Feb. 18, 1929				
877716	New York Central R. R.	Feb. 25, 1929	Not recalled.			
114560	Hamburg.....	Feb. 19, 1929				
115435	Vechtdyk.....	Feb. 28, 1929				
115214	Albert Ballin.....	do.	Not recalled.			
115323	Stuttgart.....	Feb. 26, 1929	May 2, 1929			
115796	New Amsterdam.....	Mar. 4, 1929				
116857	Cleveland.....	Mar. 6, 1929				
116035	New York Central R. R.	do.				
884425	City of Alton.....	do.				
898576	Railway Expressagency.	Mar. 12, 1929				
117107	Amasis.....	Mar. 15, 1929				
892579	New York Central R. R.	Mar. 16, 1929				
893212	Railway Expressagency.	do.				
893893	West Eldars.....	Mar. 18, 1929	Not recalled.			
117193	Westerdyk.....	do.				
892581	Pat. Crds., Westerdyk.....	do.				
117451	Westphalia.....	do.				
117580	Deutschland.....	Mar. 19, 1929	Not recalled.			
902719	do.....	do.				
897235	Railway Express Agency.	Mar. 23, 1929				
118689	Hamburg.....	Mar. 26, 1929				
901409	do.....	do.				
901863	Cedric.....	Mar. 28, 1929	Not recalled.			
119076	Sao City.....	Apr. 1, 1929				
118755	Ryndam.....	Mar. 27, 1929				
376846	Free entry.....					
907034	New York Central R. R.	Apr. 5, 1929	Not recalled.			
119455	Albert Ballin.....	Apr. 4, 1929				
119905	Coahoma County.....	Apr. 8, 1929				
119301	Blommersdyk.....	do.				
905990	Pat. Crds., Blommersdyk.	do.				
120008	New Amsterdam.....	do.				
380441	Free entry, New Amsterdam.	do.				
910256	St. Louis.....	Apr. 9, 1929				
910946	New York Central R. R.	Apr. 10, 1929				
120854	Saco.....	Apr. 14, 1929				
120852	Veendam.....	Apr. 15, 1929				
913635	Pat. Crds., Veendam.....	do.				
121013	New York.....	Apr. 16, 1929				
121701	Statendam.....	Apr. 22, 1929				
915929	Pat. Crds., Statendam.....	do.				
921372	West Arrow.....	Apr. 25, 1929	Not recalled.			

CELLULOSE WRAPPING SHEETS

[Par. 31]

BRIEF OF THE DU PONT CELLOPHANE CO., NEW YORK CITY

Hon. REED SMOOT,

*Chairman Finance Committee, United States Senate,
Washington, D. C.:*

On June 17 Mr. Clarence B. Stiner, representing Birn & Wachenheim, importers of New York City, appeared before your committee, submitted a brief, and gave testimony in reference to H. R. 2667, paragraph 31, section (b), subsection (3), in which statements were made about the Du Pont Cellophane Co.

Until 1923 these transparent sheets of various trade names, and since that time manufactured and sold by the Du Pont Cellophane Co. as "Cellophane," were imported by various parties. While these sheets had been assessed at 25 per cent ad valorem on the basis of similitude to gelatin in sheets, it was obvious that such classification would not stand a legal test. The manufacture of these sheets involves real chemical processes using cellulose as a base. Gelatin is an animal product. Paper is still another thing. Congress had provided for "compounds of cellulose" and this new industry producing sheets which are "compounds of cellulose" was entitled to the proper classification. That was the basis of the litigation. While some chemists may have disagreed in their testimony, there was no disagreement among the judges in the Customs Court or the Court of Customs Appeals. They were unanimous in pronouncing it a compound of cellulose and as such dutiable at 40 cents per pound. What the material actually is, therefore, has been settled through those channels of litigation provided by Congress. The rate of 45 per cent ad valorem, specified in H. R. 2667, is a material reduction from 40 cents per pound, in that the imports are being declared at approximately 68 cents per pound, which, at 45 per cent ad valorem, is approximately 30½ cents.

The brief of the importers complains because this producer has made consistent reductions in its selling price. Prior to the entrance of this American manufacturer, the prices were entirely in the hands of the importers. In 1923 the importers were charging approximately \$2.50 per pound for the material. Since that time, all price reductions have been initiated by the American manufacturer until to-day the price is approximately \$1 per pound. An examination of the prices prior to 1923 does not indicate that the importers were solicitous about reducing the prices to the domestic consumers. At the present time the Du Pont Cellophane Co. is the only American producer, but there are two other companies, namely, the Zeloid Products Corporation, of Holyoke, Mass., and the Sylvania Chemical Co. of New York, and Fredericksburg, Va., who are preparing to erect plants.

In view of the price policy of the past six years, resulting as it has in a reduction of 60 per cent in the American selling price, and the coming in of two additional manufacturers, there seems to be no basis for apprehension of the establishment of a complete monopoly for any one company.

DU PONT CELLOPHANE Co. (INC.),
J. E. HART, *General Manager.*

(Subscribed and sworn to before me this 5th day of July, 1929. County of New York, State of New York.)

WM. J. MILLER, *Notary Public.*

BUTYL ACETATE

[Par. 38]

BRIEF OF THE AMERICAN PAINT & VARNISH MANUFACTURERS' ASSOCIATION

FINANCE COMMITTEE,

United States Senate, Washington, D. C.

DEAR SIR: The attention of the American Paint & Varnish Manufacturers' Association (Inc.) has been directed to paragraph 38 of the proposed tariff act of 1929, in which the duty on butyl acetate is made specific and increased to 7 cents per pound.

Butyl acetate is one of the most important raw materials of the lacquer industry. This industry, which has grown rapidly in importance and usefulness, is among the youngest of all American industries. It is entirely owing to the demands of this industry that butyl acetate has become an important article of manufacture and commerce; and it is entirely due to large use of butyl acetate as a solvent in the lacquer industry that the manufacturers of commercial solvents have been enabled to build up in a few years a very large and profitable business in this commodity. The present duty on this solvent has proved ample to exclude foreign competition, and the only possible effect of the proposed rate would be to increase the already high cost of producing lacquer. Such increases would inevitably be reflected in increased prices for lacquer, and ultimately of increased prices for the many manufactured articles of common use on which lacquer is now used as the protective and decorative finish. Among these are automobiles, furniture, and innumerable industrial products.

We earnestly hope that, in its final form, butyl acetate will be restored to its dutiable status under the present tariff act.

Very respectfully yours,

Tariff Committee, American Paint & Varnish Manufacturers' Association (Inc.); S. R. Matlack, president Geo. D. Wetherill & Co. (Inc.); L. P. Moore, president Benj. Moore & Co.; W. P. Fuller, president W. P. Fuller & Co.; W. H. Eastman, president Wm. O. Goodrich Co.; Ernest T. Trigg, (chairman), president John Lucas & Co.; per G. B. Heckel, secretary.

ETHYL ACETATE

[Par. 38]

BRIEF OF THE SOLVENTS INSTITUTE (INC.), NEW YORK CITY

Hon. REED SMOOT,

Chairman Committee on Finance, Senate of the United States:

We desire to present for the record in the hearings on tariff readjustment, 1929, before your committee the following brief statement as to ethyl acetate (tariff act of 1922, Schedule 1, par. 38; H. R. 2667, 71st Cong., 1st sess., p. 20, lines 2 and 3, inclusive).

We quote from the statement of A. L. Mullaly, representing Kutroff Pickhardt & Co. (Inc.), 1150 Broadway, New York, N. Y., before the Committee on Ways and Means (vol. 1, Schedule 1, p. 89), to wit: "* * * As a matter of interest, we may state that from a production of ethyl acetate of 5,307,087 pounds in 1921, an increase in 1927 to 49,203,156 pounds took place. For the year 1928 the best estimate of production is 120,000,000 pounds. * * * Paragraphs 3, 4, and 38 now provide embargoes on all technical products, covered by them, unless an acute shortage of some product should occur, or in few cases, where an article is not produced, or not produced of sufficient purity in this country for the use for which it is required. * * *"

We also quote from the statement made by the same person before your committee, to wit: "* * * Ethyl acetate is provided for in paragraph 38 at 3 cents per pound. This product is used very extensively as a raw material in the production of lacquers and pyroxylin plastics. The domestic production of this article has increased over 200 per cent from 1922 to 1927; that is, from 16,114,458 pounds to 49,203,156 pounds. The imports during this period have been negligible. In 1928 only 110 pounds were imported. In view of the increased necessity for this product and its lack of availability, we recommend a reduction in the prohibitive duty. * * *"

We beg leave to call to your careful attention that these two statements are not in accord with each other, and that the last statement, "In view of the increased necessity for this product and its lack of availability, we recommend a reduction in the prohibitive duty," before your committee is not in accord with the facts. - We assure you that there is no shortage of ethyl acetate or facilities for making the same at this time, and that there has been none in the past, and none is anticipated in the future. The United States Tariff Commission report of production for the calendar year 1928 is not yet available, and the exact figure is therefore unknown. We estimate it at not less than 56,000,000 pounds, a modest increase over 1927 and about one-half the available capacity, not includ-

ing the adaptability of apparatus and technical control used for other purposes, for the manufacture of ethyl acetate. In other words, the glowing forecast for 1928 submitted before the Committee on Ways and Means and the doubt expressed about the capacity of the American industry before your committee are both quite incorrect.

We are well aware that the Congress is not basing rates for as complex a thing as the chemical schedule on the hopes and fears of importers, but we do not willingly permit such statements as those quoted above to go unchallenged.

All of which is respectfully submitted.

THE SOLVENTS INSTITUTE (INC.),
ROBERT T. BALDWIN,
Executive Officer.

EDIBLE GELATIN

[Par. 42]

SUPPLEMENTAL BRIEF OF THE NEW YORK AGENCY OF THE DELFT GELATIN WORKS

Hon. REED SMOOT,
*Chairman of the Finance Committee,
United States Senate, Washington, D. C.*

DEAR SIR: Supplementing our brief of June 12, 1929, we beg to submit some further information in regard to a few points, which we think will be of assistance to your committee when taking a decision about the above paragraph of the tariff law now under consideration by your committee.

Consular invoice values.—It has been stated by the domestic edible gelatin manufacturers that the foreign consular invoice values of the shipments brought into this country from the Netherlands during 1924 and 1925 were below cost of production, and that consequently the domestic manufacturers were not getting full protection.

We wish to point out to your committee that the conclusion drawn by the domestic manufacturers from the above-mentioned statements is absolutely wrong.

When protection of domestic manufacturers is being considered, the only point that counts is the question whether the domestic manufacturers are fully protected by the duty actually paid in dollar-cents per pound, irrespective of the basis on which this duty is levied.

The preliminary statement of information published by the United States Tariff Commission December 27, 1926, indicated that the present duty provided in the act of 1922, calculated in dollar-cents per pound on basis of the above-mentioned foreign valuation, brings the cost price of the Netherland gelatin to 115 per cent as against the American cost of 100 per cent. Consequently, even if it might be true that the valuation basis was below cost of production at that time, there would nevertheless be every reason for a reduction of the rate of duty of the 1922 act on this commodity, because the above facts prove that said rate, even based on foreign valuation, is too high, as it brings the cost of the foreign gelatin considerably above the domestic cost.

It is evident that an increase of duty still emphasizes the situation, and that an increase of 1½ cents per pound, as proposed in tariff act H. R. 2667 further raises the difference between the cost of the foreign gelatin and the domestic product and would mean added unfairness to the imported gelatin.

Prices ruling on the home market.—In addition to our brief of June 12, we wish to point out to your committee the fact that on account of higher prices in the home market the average consular invoice prices of the shipments from the Netherlands to us have been 30 per cent higher during 1928 than the average consular invoice prices during 1925 and that during the year 1929, up to the present, the average consular invoice value is fully 45 per cent higher than during 1925, which means that at this moment we are paying already 20 per cent of 45 per cent—9 per cent more than duty in 1925—so that at present the cost of the Netherland gelatin is considerably higher than 115 per cent of the American cost.

Quantities imported during the first part of 1929.—With regard to the fact that during the first four months of 1929 a larger quantity of gelatin has been imported from abroad than during the same period of last year, we beg to draw the attention of your committee to the fact that, due to the uncertainty created by the pending tariff revision, importers have brought in more gelatin than they would have done under normal circumstances, thus creating some stocks here in this country. Reduced imports in the future will no doubt prove this.

Percentage of production sold in United States and elsewhere.—As regards the statement that 85 per cent of the production of the Netherland producer of edible gelatin was sold in this country and 15 per cent in the home country, we now beg to state that this situation has changed considerably during the past few years, as since 1925 the percentage which our sales on the American market form of the total sales has dropped regularly and considerably, so that, for instance, during the year 1928 we sold only about 50 per cent of the production of the Delft Works in the United States, whereas the remaining 50 per cent was sold by them in Europe.

Quality of goods sold in the Netherlands.—We refer to our brief of June 12, 1929, to your committee, and once more take the liberty to draw the attention of your committee to the fact stated—viz, that an investigation made by the Treasury Department of the United States has proved that the goods sold by the Delft Works on the home market are of absolutely the same quality as the goods which are shipped by them to the United States, thus fully complying with the requirements of the United States pure food law.

Consumers protests.—We still beg to call the attention of your honorable committee to the many letters of protest against any increase of the duty on edible gelatin, sent to your committee by consumers' associations and individual large consumers of this commodity. For instance, a large manufacturer of jellies writes to your committee, June 26, 1929, that "the present tariff on edible gelatin, and certainly any increase in the schedule, will serve only to raise our cost and the price the ultimate consumer has to pay for our product, without the least necessity to domestic manufacturers on the basis of 'equalization.'"

A large baking concern in a letter to your committee June 25, 1929, states that "an increase on this commodity seems unnecessary and unfair."

An important candy manufacturer in his protest to your committee July 1, 1929, states "that the present tariff can be considered very high indeed compared with other commodities."

A large manufacturer of jellies writes to your committee that "the addition of 1½ cents per pound to the already high tariff on edible gelatin was written into the pending bill through the influence of certain allied interests who aim to monopolize the gelatin market and force high prices on the purchasers of this commodity. It would seem to the writer that the present tariff of 20 per cent ad valorem and 3½ cents per pound is adequate to protect our American gelatin manufacturers which, of course, we want to do."

An association of confectionery manufacturers writes your committee May 16, 1929, that "the progressive decrease in the percentage of estimated domestic consumption which is being imported, supports the conclusion that a reduction in the rate of duty rather than any increase is in order."

A manufacturer of jellies and confectionery writes to your committee June 19, 1929, that "the American manufacturers of this product have 90 per cent of the United States business and are afforded more than enough protection by the present duty—20 per cent ad valorem and 3½ cents per pound—which is proven by the facts reported by the United States Tariff Commission. Edible gelatin is consumed by nearly all American families, and is considered a particularly wholesome food product."

Still another large manufacturer of confections writes your committee June 28, 1929, that "certain imported grades of gelatin have proved highly satisfactory in our formulas and we feel it would be unfair to our industry to advance the rates. On the contrary, we feel there should be a reduction in the tariff on this commodity rather than an advance."

An association of ice-cream manufacturers writes, after having given all the facts regarding the importance of the ice cream industry, and the value of ice cream as a food product: "Considering these facts, we respectfully protest against an increase in the present import duty on edible gelatin; in fact, it appears that there are more reasons for a reduction than for an increase."

CONCLUSION

We repeat our conclusion made in our brief of June 12, 1929, viz, that it seems to us that the proper duty to put on edible gelatin valued at less than 40 cents per pound, is 2 cents per pound and 15 per cent ad valorem, and we therefore ask again that this be done by your committee.

Respectfully submitted.

NEW YORK AGENCY OF DELFT GELATINE WORKS,
G. J. SCHILDT, *Agent*.

Sworn before me this 8th day of July, 1929.

[SEAL.]

FRANK J. ISOLDI,
Notary Public, New York County.

**BRIEF OF THE JELL-WELL DESSERT CO. (INC.), LOS ANGELES,
CALIF.**

HON. REED SMOOT,

Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: The following is respectfully submitted in accordance with a letter from the clerk of your committee advising that I may submit a brief in opposition to the proposed increase on edible gelatine as incorporated in the tariff bill as passed by the House of Representatives.

There are certain outstanding facts that can be easily substantiated from official data available to your committee which show plainly that an increased tariff on edible gelatine would be most unfair to consumers and totally unnecessary to domestic manufacturers of this product. In making this statement I am assuming that the principle of equalization of production costs has not been entirely discarded and that arbitrary prohibition of fair competition by European manufacturers is not the ultimate result sought.

If I am correct in this assumption, then there is no legitimate excuse for the increase now incorporated in the House bill. On the other hand, you will find overwhelming evidence in favor of a reduction in the present rate on edible gelatin.

Investigation by the United States Tariff Commission in 1927, and there is no evidence to show that the situation has changed since, established the fact that the average cost of American-made gelatine is 100 per cent as against 115 per cent for this product when duty paid and manufactured in Europe to conform to United States food standards.

As evidence that a distinct advantage has already been granted to American manufacturers, the proportion of imported edible gelatine to the total consumption in this country has never been large and statistics show has been constantly decreasing. Imports during 1925 totaled 20.8 per cent of consumption and in 1928 this had dropped to 10.4 per cent.

I believe that the above facts alone are sufficient to show that not only is an increase in this schedule absolutely unjustified but that the present rate is of itself gradually throttling all foreign competition. It is apparent that unless there is some revision downward, the small group of closely allied and organized domestic manufacturers will soon be in unchallenged control of the market and will be given the opportunity to force consumers to pay whatever price they may see fit to impose.

The firm of which I am the directing head, has absolutely no interest in any factory either here or abroad, except only as a purchaser of gelatin in the open market. We feel that the present tariff on edible gelatin, and certainly any increase in the schedule, will serve only to raise our cost and the price consumers pay for our product, without the least necessity to domestic manufacturers on the basis of "equalization."

Respectfully submitted.

A. H. LOEFFLER,
President Jell-Well Dessert Co.

BRIEF OF W. E. MILLER, NEW YORK CITY, REPRESENTING THE NATIONAL GLUE AND GELATINE IMPORTERS ASSOCIATION.

GENTLEMEN: The figures given in the attached printed schedule and statement clearly indicate that the increase in the rate of duty is not sufficient to be classified as further protection to the domestic industry, but is sufficient to injure the imported gelatine and glue business in this country, because the prices at which the imported article must be sold in order to obtain a small margin of profit in cases of large transactions are such that the domestic gelatine can be quoted at lower figures that would not afford the importer a profit.

This is proven in the edible gelatine field by the fact that the largest consumer of gelatine in the United States, the Jell-O Co. (Inc.) of Le Roy N. Y., a subsidiary of the Postum Co., purchase a very large proportion of their requirements from the domestic manufacturers because the price is lower than that quoted for the imported gelatine.

The General Ice Cream Co., the largest merger in the ice cream field, purchase domestic gelatine for the reason that it can be bought at a price with which the importer can not compete.

This is true all along the line with all consumers, proven by the fact that of all the edible gelatine consumed in the United States, only 11.6 per cent is imported; if the domestic industry was endangered by the imported gelatine, certainly the proportion would be greater, as it can not be claimed that an industry that sells 88.4 per cent of the total of its product consumed in this country is seriously impaired by the competition of imported material.

If the rates in the new law under consideration are maintained, it will result in making it so much more difficult for friendly nations to market a limited quantity of their product on this market, and the American consumer being compelled to pay considerably more for everything containing gelatine through the increase in price asked by the domestic manufacturers. For instance, the jelly powder industry in this country produces approximately 70,000,000 packages of jolly powder; the increase in duty contemplated would mean 1½ cents per pound increase in price of that gelatine, which in turn would mean a fractional increase in the cost of the individual retail package, and it is fair to presume that the seller of jelly powder will not charge a fraction of a cent more per package, but will bring it to round figures, or a minimum of 1 cent per package. This will mean an additional cost to the consumers of gelatine dessert of \$700,000.

This increase in duty merely means the taking of this amount of money from the housewife's pocket-book and putting it into the treasuries of the large industrial corporations who supply the gelatine for this purpose, and who certainly are not as badly in need of this money as the average American family.

The gelatine industry is not one of those industries that is depressed by imported material. In most cases, it is an incidental manufacture to more profitable merchandise, in that the largest producers of gelatine in the United States are either the packers or subsidiaries of the packers or large glue manufacturers or subsidiaries of same, none of whom are on the verge of bankruptcy due to the fact that they are only obtaining 88.4 per cent of the potential business existing in this country nor would they be materially benefited if their business was 100 per cent of that potentiality, all of which must clearly indicate to you that any advance in the rate of duty on edible gelatine is merely adding an insignificant amount to the profits of the domestic manufacturer, which in the regular course of business would be important to the ultimate consumer, the American housewife, and in addition, creating a tremendous inconvenience to the importers of gelatine from friendly nations who are badly in need of every dollar's worth of business they can obtain in order to help them recover from the effects of the late war.

Cost of production in Belgium, Netherlands, Germany, and other European countries exporting edible and inedible gelatines and glue to this country are not so much lower than in the United States, proven by the enormous business the American manufacturer does in those countries with American made merchandise exported and sold successfully in these countries, in competition with their own manufactures.

This export business of the United States amounts to approximately \$5,000,000,000 a year. If on a specific article like gelatine and glue there is a difference, it is easily balanced or compensated for by the present rates of duty, as indicated

by every investigation made by the United States Tariff Commission, statements made by the domestic manufacturers to the contrary, notwithstanding, for if these statements were true, the production capacity of the foreign manufacturer is such that if he had all the advantages claimed by the domestic manufacturers in exporting his goods to the United States, the quantity would certainly amount to more than 11.6 per cent, and we respectfully submit this brief to you with the hope that you will not advance the rates of duty from the present law to those in the contemplated law, for the general reasons given herewith.

Respectfully submitted.

NATIONAL GLUE AND GELATINE IMPORTERS ASSOCIATION,
W. E. MILLER, *Treasurer.*

Why increase the rate of duty on gelatines when the present rates have caused a decrease in importation, as illustrated by the table herewith?

This factor must be considered, and also in conjunction with same the improvement in the methods of production in the United States are making it even more difficult to market imported edible gelatine in the United States.

In 1926 and 1927 a very thorough investigation of the production cost of edible gelatine in this country was made. This investigation clearly indicated that the duty-paid cost landed on the American seaboard of imported gelatine was higher than the domestic gelatine of parallel quality delivered to the same spot, which clearly indicates that the present rate of duty more than compensates for the difference in the cost of production in Europe.

INEDIBLE GELATINE

All of the imports of this commodity are incorporated in the bracket of "Valued at less than 40 cents per pound."

The duplicate of this gelatine can not be produced in this country, consequently has no domestic competition, therefore the rate of duty should not be changed.

GLUE

The bulk of the glue imported into this country is at the price of 10 cents per pound and under. This glue has certain characteristics that are present only in a very limited production in this country, but these characteristics are essential in those types of glues consumed in this country by the major glue consuming industries, hence over 80 per cent of this imported glue is directly sold upon importation to the domestic glue manufacturers for blending with their production in order to produce an article suitable for the American consumer, consequently if the duty is advanced, it will place a burden on the American consumer of products upon which this glue is used, therefore the rate of duty should remain the same, if not reduced, as it is a semiraw material.

All of these types of gelatines and blues are produced extensively in this country and the financial statements of the producers indicate that the business is extremely profitable and to advance the rate of duty merely means that these domestic producers will advance their prices accordingly and add to their profits. This additional profit is definitely an additional burden on the American people.

These industries are not infant industries, consequently do not need nourishment nor protection.

A large percentage of these goods is produced by the packers and their subsidiaries, the raw material for which under these conditions is an unescapable by-product of the packing industry and the powerful means of distribution of these packers gives them a tremendous advantage over the importers.

Each packer has a distributing warehouse in every city down to the third class cities, each one of which carry a stock of glue and gelatine, permitting them to make hourly delivery to the consumers. No importer could afford such a system.

The advance in the rates of duty on these different types of gelatines and glues, as you will note at the head of this statement, are small enough to indicate that they were made merely to harmonize with the general spirit of revision of the tariff and certainly should not have been made in the face of the evidence presented by the condition of the glue and gelatine trade at this time, consequently it is suggested that the rates in the present tariff bill be left unchanged, otherwise the imported material will have to be advanced in price, which will at once be reflected in the price in the domestic material, upon its realization that foreign competition is forced to advance its price accordingly.

The domestic gelatine and glue manufacturers are thoroughly organized in an association, consequently their psychology on the question of price is bound to be group psychology.

SCHEDULE No. 1

Paragraph 42: Edible gelatine, inedible gelatine, glue

	Old rate		New rate	
	Per pound	Per cent	Per pound	Per cent
Gelatine (edible):	<i>Cents</i>		<i>Cents</i>	
Valued less than 40 cents per pound.....	3½	20	5	20
Valued 40 cents or more per pound.....	7	20	7	20
Gelatine (inedible):				
Valued less than 40 cents per pound.....	1½	20	2	25
Valued 40 cents or more per pound.....	7	20	8	25
Glue:				
Valued less than 40 cents per pound.....	1½	20	2	25
Valued 40 cents or more per pound.....	7	20	8	25

EDIBLE GELATINE

All of the edible gelatine imported into this country comes under the bracket of "Valued at less than 40 cents per pound."

The following table secured from the files of the United States Department of Commerce will indicate to you that while the consumption and production in the United States is increasing, the importation is decreasing, which clearly indicates that under the present rates of duty the business of selling imported gelatines on this market is gradually being stifled and will eventually be completely suffocated.

Production, imports, and estimated consumption of edible gelatine, United States, 1923, 1924, 1925, 1926, 1927, and first 9 months of 1928

Year	Production	Imports	Estimated consumption after consideration of exports	Total imports represent the following percentage of production in the United States	Estimated consumption after consideration of differences in stocks	Total imports represent the following percentage of the estimated consumption
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Per cent</i>	<i>Pounds</i>	<i>Per cent</i>
1923.....	13,321,500	2,818,377	15,878,265	21.2	15,800,000	17.7
1924.....	14,204,800	3,272,231	17,054,789	23	17,000,000	19.1
1925.....	12,635,100	3,171,490	15,245,107	25.3	16,200,000	20.8
1926.....	15,473,200	2,420,857	17,612,683	15.6	18,200,000	13.3
1927.....	17,648,000	2,741,112	19,982,076	15.6	20,500,000	13.8
1928 ¹	12,368,100	1,358,398	11,695,100	10.9	11,700,000	11.6

¹ First 9 months.

INEDIBLE (TECHNICAL) GELATIN; GLUE

[Par. 42]

BRIEF OF THE NATIONAL GLUE AND GELATINE IMPORTERS ASSOCIATION, NEW YORK CITY

To the UNITED STATES SENATE FINANCE COMMITTEE:

GENTLEMEN: With reference to the proposed new tariff on glues and gelatins we beg to submit the following points for your consideration:

POINT I

The investigation by the United States Tariff Commission in March, 1928, at the request of the domestic manufacturers was based solely on the costs of pro-

duction of British naphtha extracted bone glues, Great Britain being then the chief competing country for this grade. No request for an investigation of hide and other glues was made by the domestic manufacturers.

The present rate of duty of 20 per cent ad valorem plus 1½ cents per pound more than equalizes the difference in the cost of production between British bone glues and American bone glues as shown in the brief which was submitted at the hearing of the United States Tariff Commission April 26 and 27, 1928.

This investigation referred to British bone glues only and the cost of production of bone glues in other European countries is higher than the British cost.

Moreover the investigation refers only to naphtha-extracted bone glues; of the total consumption of glues in the United States this type of glue, both domestic and foreign, represents only about 10 per cent and it seems therefore unreasonable to base the duty on the cost of production of a glue representing only 10 per cent of the total consumption.

Approximately 30 per cent of the glue consumed in the United States is water-extracted bone glue made from fresh packer's bones which, owing to low cost of raw material and improved methods of production, are sold by the American manufacturers at an average price of 3 cents per pound below the price of extracted bone glue. This low price completely excludes any foreign competition in this grade and no water-extracted bone glue is being imported into the United States.

Approximately 60 per cent of the total consumption consists of hide glue, the cost price of which is given in Table XIII of the preliminary statement of the United States Tariff Commission of March 23, 1928, as 13½ cents for 1924 and 12½ cents for 1925. The United States Treasury Department has ascertained the cost of production of German hide glues by a careful investigation of the books of the A. G. Scheidemandel in Berlin. This investigation showed the cost of German hide glues to be about 13 cents per pound, or approximately equal to the American costs.

The reason for the high cost of foreign water-extracted bone glues and hide glues is primarily due to the fact that the foreign manufacturers have to purchase their raw material in the open market at highly competitive prices, whereas the American factories are owned and controlled by the packers and tanneries who are thereby utilizing their own by-products and are therefore able to control the prices of their raw materials.

POINT II

The foreign glues are not fit for consumption in the American market on account of their comparatively low jelly-strength and on account of their excessive foam. The imported glues are therefore not sold directly to the American consumers but are sold almost exclusively to the American manufacturers and dealers who use the same for mixing and blending with domestic glues. This entails an increased cost of marketing and, the foreign glues being manufactured in sheet form, have to be ground, mixed, and repacked for sale on the American market. This operation involves a cost of at least 1 cent per pound.

POINT III

The American method of manufacturing by the use of the Kind & Landesman belt machine is far more economical than the European method and allows the glue to be produced in flake form ready for sale to the American consumer. This machine reduces the costs of labor per pound of glue made far below the costs of even the cheapest foreign glue.

POINT IV

The only European method which would have enabled the foreign manufacturers to reduce their labor costs to a point comparable with the American costs is the so-called Pearl glue process owned and operated by the Scheidemandel Co. in Berlin. These patents, however, were seized by the Alien Property Custodian and subsequently sold to the Chemical Foundation. In 1925 the Chemical Foundation prohibited the import of Pearl glue into the United States and no Pearl glue has been imported since that time.

POINT V

The imports consist almost exclusively of extracted bone glues and special high-grade hide glues of which grades there is a considerable shortage in the United States. Approximately 75 per cent of the imported glues are bought by the American manufacturers themselves who are unable to fulfill their demands without such foreign purchases and in many cases, especially in those of the high-grade hide glues, are actually paying higher prices for these glues than the American market price as these glues, on account of their high viscosity, are urgently needed for blending and thereby improving the viscosity of the American glues.

This shortage is further borne out by the reduction of hide glue stocks which at the end of 1928 were only approximately one-half of the stocks at the end of 1925, 1926, and 1927, as well as by the fact that glue prices have advanced 25 to 40 per cent according to grade within the last year.

POINT VI

The total imports into the United States have been:

(Per cent of the United States consumption)

1924.....	6.6
1925.....	5.4
1926.....	6.6
1927.....	8.8
1928.....	8.3

It is quite inconceivable that this comparatively small amount should have any material influence on the market situation in the United States. The very insignificance of these figures proves that the present rates of duty are tantamount to an embargo on foreign glues and that these imports therefore can not constitute a menace to the domestic industry. These present rates are the peak of a progressive advance and are the highest rates ever levied on these commodities in the history of the United States.

POINT VII

The chief importing country for extracted bone glues is Great Britain, and these imports have dropped more than 40 per cent in the last two years owing to the inability of foreign bone glues to compete with American water-extracted glues, and the extracted bone glues are largely imported by the American manufacturers for such American consumers as must use extracted bone glue.

The import figures given by the Department of Commerce for imports from the United Kingdom were:

	Pounds
1927.....	3,432,447
1928.....	1,984,206

At the same time the average value increased from 7.3 to 8.9 cents, so that even for British extracted bone glues this average price plus present rate of duty far exceeds the American cost of production.

The balance of imports consist mainly of hide glues, and in this case the foreign costs of production are practically on a par with the American costs.

POINT VIII

The proposed increase of duty on glues would involve an increase in the sales price of at least 1 to 1½ cents per pound, which would entail a very serious hardship on a large number of consuming industries comprising the paper, wall paper, paper boxes, match making, furniture, wood working, textile, and other industries, who would have to make up the loss entailed by a reduction of labor costs.

POINT IX

The technical gelatin imported into this country is used almost exclusively by the straw hat and textile trades, and no similar gelatin is manufactured in the United States, so that comparative costs of production are not obtainable and there is in this case no American industry to protect. On the other hand the American straw hat manufacturers would be the sufferers and this would be reflected in an increased cost of wearing apparel to the American public.

POINT X

Whilst the total quantity of glue imported is not an important item in the United States imports, nevertheless it constitutes a very considerable item in the exports of some of the European countries and the increased duty would therefore seriously disturb foreign trade relations.

POINT XI

We beg to agree with the petition to the House Ways and Means Committee on the part of the American manufacturers of edible gelatin that this grade should be placed in a separate paragraph and not be included with the inedible products, technical gelatin and glues.

POINT XII

In the petition of the American manufacturers mention was made of the dominating position of the Scheidemandel Co. in Europe and several points were brought out which need correction. The Scheidemandel Co. lost most of their former holdings owing to the war and now neither own nor control any factories whatever in France, Belgium, Denmark, or South America and the total production of all their factories is considerably below that of some of the larger domestic corporations. This is especially true for hide glues and two American companies, the eastern tanners in Gowanda and the U. S. Glue Co. in Carrolville, Wis., manufacture each more hide glue than all the plants of the Scheidemandel Co. put together. Stress was also laid on the formation of an association, Epidos, by the European bone glue manufacturers. This association, however, is in no way a syndicate or trust and is, on the whole, very similar to the National Association of Glue Manufacturers.

In conclusion it might be said that no legitimate reason for an increase of duty on glues and technical gelatines exists; in fact, the American manufacturers in their meeting on January 16, 1929, openly stated that the industry was in a financially sound condition and that the factories are working at full capacity and at a handsome profit.

To summarize these figures clearly indicate that the imported glues (8.3 per cent of the total consumption of 1928) are certainly far too insignificant to in any way jeopardize the welfare of the domestic industry.

We therefore respectfully suggest that a careful consideration of these facts will justify the lowering rather than increasing of the present rates of duty on glues and technical gelatines.

Respectfully submitted.

NATIONAL ASSOCIATION OF GLUE AND GELATINE IMPORTERS.

A. F. ISLAN, *President*.

N. L. LEDERER, *Secretary*.

ANIMAL AND VEGETABLE OILS IN GENERAL

[Pars. 53-59]

BRIEF OF B. W. KILGORE, RALEIGH, N. C., REPRESENTING THE AMERICAN COTTON GROWERS, EXCHANGE AND THE COTTON COOPERATIVES

FINANCE COMMITTEE, *United States Senate*:

In what I am to say I am speaking as chairman of the board of trustees of the American Cotton Growers' Exchange. The American Cotton Growers' Exchange is the federation, or overhead organization of 14 cotton cooperative marketing association in the 14 main cotton-growing States.

Cotton is grown on practically 2,000,000 farms in this country. This means that cotton is grown on practically one-third of all farms in the United States. A tariff can be of no possible benefit on the lint cotton grown on these farms except in the case of a few staple, or long lengths of cotton. These staple lengths make up but a small part of the total production of cotton in this country. The main value of cotton is in the lint. Except in a very small way therefore a tariff on lint cotton can not help this large number of cotton growers.

The only material benefit a tariff can be to a cotton farmer is through an adequate tariff on animal and vegetable fats and oils which compete with cottonseed oil. In round numbers there is 300 pounds of oil in each ton of cottonseed. An increase in the price of cottonseed oil of 1 cent per pound through an effective tariff would mean \$3 more per ton for seed. Three cents per pound would mean \$9 per ton, or a total of around \$60,000,000 additional for the oil from the seed of an average crop of cotton. This would be a very substantial and worth while addition to the income of the cotton grower.

Cottonseed oil is used largely for various edible purposes, as compound lard, oleomargarine, salad oils, for cooking purposes, etc., in addition to other commercial uses, as making soap, etc. In these uses it comes into competition with various imported vegetable and animal oils, more particularly coconut oil, olive oil, and others.

As cotton growers, we have given careful consideration to the need and justice of an adequate tariff on the imported animal and vegetable oils which come into competition with the animal and vegetable oils produced in this country. As the representatives of the cotton cooperatives, we have given consideration and study to the brief which has been presented by Mr. Charles W. Holman on behalf of the various farm organizations, and we desire to join in this brief and become a party to it. We fully believe that it is not only just but necessary that the tariff rates asked for in this brief, and which have been given careful study, should be granted in the interest of the producers in this country of animal and vegetable fats and oils.

I regret that sickness at the time I was scheduled to appear before your committee prevented me from doing so, and I appreciate the privilege extended by the secretary of your committee to file this brief on behalf of the cotton growers in the cotton territory.

B. W. KILGORE.

Signed in my presence, this the 17th day of July, 1929.

[SEAL.]

L. J. BENTLER, *Notary Public.*

My commission expires December 22, 1930.

OLIVE OIL

[Par. 54]

BRIEF OF R. U. DELAPENHA, NEW YORK CITY, REPRESENTING DOMESTIC PACKERS OF OLIVE OIL

Purpose: To give to the Senate Finance Committee the latest obtainable information in support of brief submitted to the Ways and Means Committee of the House of Representatives on the 9th day of January on olive oil imported in containers of less than 40 pounds weight.

My name is R. U. Delapenha, president of R. U. Delapenha & Co. (Inc.), New York City, a corporation existing under the laws of the State of New York.

I am appearing as chairman of a committee, acting for the interests of the packers of olive oil in the United States, representing at least 90 per cent of the actual gallonage of olive oil, packed in containers of less than 40 pounds.

Pursuant to the statements made orally and in writing before the Ways and Means Committee of the House of Representatives, I have deemed it advisable to obtain further information to submit to you in justification of the position that the packers have taken in regard to the differential necessary to permit them to exist.

On the 10th instant we cabled to the firm of Giuseppe Straziota, of Bari, Italy, as follows: "Ufanamos majestic pehlavi barrels gallontins." Meaning: "Understand the market has declined. Telegraph lowest possible price barrels, gallon tins."

We have their reply on the 11th instant reading: "Barrels 720 gallontins 810 telegraph."

We attach a cost card, showing that their quotation in wooden barrels is \$1.30 per gallon, cost and freight New York, and \$1.47 per gallon for gallon tins, showing that the differential which they make is 17 cents per gallon.

Quotation from Giacomo Costa Fu Andrea, of Genoa, Italy, dated June 5, I also attach a card showing the costs of olive oil imported in steel drums and the cost of olive oil imported in gallon tins, showing a differential of 14 cents per gallon.

Quotation from E. Ramella & Figli, of Oneglia, Italy, in steel drums and in gallon tins, showing a differential of 12 cents per gallon.

Quotation from the Societa Elios, of Genoa, Italy, in steel drums and in gallon tins, showing a differential of 11 cents per gallon.

Quotation from Oleifici Riuniti, of Porto Maurizio, Italy, in steel drums and in gallon tins, showing a differential of 14 cents per gallon.

Quotation from Mauro Messina & C., of Molfetta, Italy, in steel drums and in gallon tins, showing a differential of only 7 cents per gallon.

Some of these quotations have undoubtedly been made with the knowledge that the tariff is being discussed, and that packers of olive oil in containers of 40 pounds or less have petitioned Congress for relief.

Even with this variation of the different packers, none of them are as high as the information that was given to the Ways and Means Committee by the Italian Chamber of Commerce of New York, which is composed of the leading Italian importers of olive oil in the United States, and which on page 503 of the hearings stated that the cost of packing gallon tins in Italy was 18½ cents per gallon.

The lowest differential that we quote above is 7 cents per gallon and the highest is 17 cents, which speaks for itself.

Please bear in mind in your consideration of our request that the Italian shipper of olive oil has added his profit in both quotations that he makes in steel drums or barrels in bulk, or in containers of 40 pounds or less, which includes a brokerage of at least 2 per cent for his American representative, while the figures that we submit represent actual cost of the product packed only, and these quotations made by the Italian packers are to our customers.

I now give you the actual cost, using for this purpose the quotation of Giuseppe Straziota, of Bari, Italy, and which is \$1.30 per gallon. May I also mention to you that when olive oil is imported in steel drums, the average price of which is \$3.75 per drum, there is a duty of 25 per cent ad valorem assessed on the value of the drum, which adds approximately 2 cents per gallon duty to the value of the olive oil?

I now give you the details of the cost:

	Per gallon
Cost of olive oil.....	\$1.30
Bankers' commission, one-half per cent.....	.0065
Marine insurance, one-half per cent.....	.0065
Customhouse and consular invoice charges.....	.001
Duty, 7.61 pounds to gallon at 6½ cents per pound.....	.495
Duty on steel drums.....	.019
<hr/>	
Cost, ex-dock duty paid New York.....	1.828
<hr/>	
Cartage.....	.015
Leakage, 2 per cent.....	.0365
Cost of 1 gallon tin.....	.162
Cost of screw cap.....	.007
Cost of case.....	.044
Direct labor.....	.03
Filtration.....	.01
<hr/>	
	2.1925
<hr/>	
Balance carried forward.....	2.1925
Overhead, which includes rent or interest on investment of building, light, heat, power, superintendence, and administrative, 10 per cent..	.213
<hr/>	
Total.....	2.345

Again using Giuseppe Straziota's quotation for gallon tins, these would cost ex-dock duty paid New York, \$2.14 per gallon, which shows that we can buy olive oil packed in Italy in gallon tins at 20½ cents per gallon cheaper than we can pack same in our own plant at Poughkeepsie, N. Y.

In the brief which we submitted before the Ways and Means Committee, we simply gave the bare production cost, without any expenses added whatsoever, and we call this to your kind attention.

May we also point out to you that we have been trying to get relief since May 15, 1924, and again on May 27, 1926, through the United States Tariff Commission, as per copies of communications that were presented to the Ways and Means Committee.

We attach herewith communication received from La Manna, Astma & Farnan, one of the packers for whom I am appearing, and which speaks for itself.

We respectfully request that a differential of 3 cents per pound between the duty assessed for olive oil in steel drums, or barrels, in bulk, as against the duty assessed on olive oil packed in containers of 40 pounds or less. This differential can be arrived at, at the wisdom of the committee, by either reducing the duty on olive oil imported in bulk, packed in steel drums or wooden barrels, to 5 cents per pound and assess a duty of 8 cents per pound on olive oil imported in containers of 40 pounds or less; or the duty can be left as it is at present, namely, 6½ cents per pound for olive oil in bulk in steel drums or wooden barrels, and 9½ cents per pound for olive oil imported in containers of 40 pounds or less.

In view of the fact that the only possible opposition to the reduction of duty could come from the only State that produces olive oil, namely, California, I would like to call to your attention an extract from the Sacramento Union, of May 8, 1929, as follows:

"An increase of 10 cents per gallon was allowed on ripe olives in brine, but the committee ignored the request of California growers for 150 per cent increase on olive oil. The delegation will not protest this action, because it agrees with the committee that an increase was not justified, inasmuch as the California industry can supply but a small portion of the domestic demand."

May I add to this that this small portion of the domestic production is approximately 1 per cent, as per figures compiled by the United States Tariff Commission, which information you have before you.

Respectfully submitted for the packers.

R. U. DELAPENHA.

LETTER FROM R. U. DELAPENHA & Co. (INC.), NEW YORK CITY

JULY 11, 1929.

Mr. I. M. STEWART,
Chief Clerk Senate Finance Committee,
United States Senate Office Building, Washington, D. C.

DEAR MR. STEWART: May I call to your attention that there is a mistake on page 249 of my testimony that should be corrected?

The sentence beginning with "We can not exist as packers on a differential of \$0.02 per gallon" should read "We can not exist as packers on a differential of \$0.02 per pound."

Yours faithfully,

R. U. DELAPENHA.

LETTER FROM W. A. TAYLOR & CO., NEW YORK CITY

JUNE 13, 1929.

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: It has been brought to our attention that a letter written by us to C. A. Tosi has been submitted as part of the evidence before the House of Representatives Ways and Means Committee taking testimony in the hearing on tariff Schedule 54, in regard to olive oil, which appears on page 509 in the minutes of the hearing.

In fairness to the investigation we feel it necessary to point out, that the European house that we represent constitutes an exceptional case among the European exporters operating in the American market for the following reasons:

In the first place, our European house did considerable advertising on a national scale in this country and specializes in only selling goods packed under his private brand. The cost of the advertising he has added to the package price when selling it to us. But when we buy oil in bulk from this house, he does not take into consideration the cost of advertising nor his usual percentage of profit that he makes on his private brand, but meets competition of shippers of bulk oil. Therefore, the spread between his prices for oil in small containers and oil in bulk is exceptionally large, about 45 cents per gallon. However, all other shippers from Spain, Italy, France, etc., have a spread of only 9 to 10 cents between their prices for small packages and their bulk prices.

May we also point out that our quotation of cost of packing in this country took into consideration only the actual cost of olive oil, the tins and cases, but

did not include essential items, which make up the cost of packing. We are, therefore, submitting herewith a detailed analysis of costs of packing olive oil in the United States, as follows:

	Per gallon
Oil in drums ex dock, including duty 6½ cents per pound.....	\$2. 00
Duty on drum.....	. 015
Trucking.....	. 015
Leakage in shrinkage, ¼ per cent.....	. 01
Filtering and packing loss 1¼ per cent.....	. 03
1-gallon size can.....	. 145
Packing cases.....	. 05
Overhead expense per gallon.....	. 10
Bankers' commission and interest.....	. 015
Selling commission at 5 per cent.....	. 12
Profit to packers.....	. 20
	2. 70

Very truly yours,

W. A. TAYLOR & Co.,
By E. H. JACOBSON.

ARTISTS' COLORS

[Par. 67]

LETTER FROM THE AMERICAN CRAYON CO., SANDUSKY, OHIO

JUNE 29, 1929.

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: When the writer appeared before the United States Senate Committee on Finance, I was asked by Senator Smoot concerning a recent bid to which a previous witness had referred, regarding a bid in the city of Washington, D. C., on May 24 of this year, on school water colors. Upon investigation I find the American Crayon Co. bid \$0.009½ cents per cake, which was the same price bid on foreign colors on this same contract last year. What happened? It is the same old story. Foreign colors were bid on this contract just slightly under our bid. The Virginia School Supply Co., of Richmond, Va., bid on Pelikan colors made by Gunther-Wagner, of Hanover, Germany, at \$0.009 cents per cake. A splendid example of the way the foreign competition is constantly nibbling in just under the prices quoted by the American manufacturers.

Faithfully yours,

THE AMERICAN CRAYON CO.,
C. W. HORD,
Second Vice President and General Sales Manager.

BRIEF OF THE PRANG CO., NEW YORK CITY

Hon. REED SMOOT,
United States Senate, Washington, D. C.

DEAR SIR: In the testimony offered to your honorable committee on June 18, paragraph 67 of Schedule No. 1, Mr. Hord, of the American Crayon Co., has made the statement that the low prices offered by the American manufacturers on water colors in their bids of May 24, to the General Supply Committee, Washington, D. C., were due to the competition of imported colors offered in this same bid.

We have taken occasion to check up the record at the Supply Committee Office and as a result of this investigation we find that absolutely no imported colors were offered on this bid.

We offer this as evidence of our position stated at the hearing, "that the importation of colors is in no sense responsible for the price levels fixed on this bid." With the present ad valorem tax of 40 per cent it is utterly impossible for importers to compete.

As evidence of our good faith, we submit for your information a record of the tabulation of the bids before the General Supply Committee, indicating the manufacturer of the colors offered in each instance.

Respectfully submitted.

THE PRANG CO.,
By WAYNE N. LAIDLAW.

Record of the prices bid on water colors to the general supply committee, Washington, D. C., for the first quarter—fiscal year 1930—May 24, 1929

Item No. 1824. Water colors, dry cakes and packages of 12 each, all colors:

Bid by—	Manufacturer	Price
Charles E. Stott & Co. (Inc.).....	(Artists) Binney & Smith Co., colors.....	Per cake
American Crayon Co.....	Made by The American Crayon Co.....	\$0.000 $\frac{1}{2}$
Virginia School Supply Co.....	Sample No. 167 (The Virginia School Supply Co. advises us that their bid was based on American Crayon Co. colors).	.000 $\frac{1}{2}$
R. P. Andrews Paper Co.....	(Artists) Binney & Smith Co., colors.....	.000-.01
Milton-Bradley Co.....	Colors as specified:	.000 $\frac{1}{2}$
George F. Muth Co.....	The Milton-Bradley Co.....	.000 $\frac{1}{2}$
R. Carter Ballantyne.....	Devoe-Raynolds Co., colors.....	.000 $\frac{1}{2}$
	(Artists) Binney & Smith Co., colors.....	.000 $\frac{1}{2}$

Item No. 1928. Water colors, semimoist, in packages of 12, all colors:

Bid by—	Manufacturer	Price
George E. Stott & Co. (Inc.).....	(Artists) Binney & Smith Co., colors.....	Per pen
American Crayon Co.....	Made by the American Crayon Co.....	\$0.01
Virginia School Supply Co.....	Sample No. 1648 (The Virginia School Supply Co. advises us that their bid was based on American Crayon Co., colors).	.01-.0175
R. P. Andrews Paper Co.....	(Artists) Binney & Smith Co., colors.....	.01
Milton-Bradley Co.....	Colors as specified:	.01
George F. Muth Co.....	The Milton-Bradley Co.....	.01
R. Carter Ballantyne.....	Devoe-Raynolds Co., colors.....	.01
	(Artists) Binney & Smith Co., colors.....	.01

ULTRAMARINE BLUE

[Par. 70]

BRIEF OF THE STANDARD ULTRAMARINE CO., HUNTINGTON, W. VA.

COMMENTS ON THE IMPORTERS' BRIEF

The Stanley Doggett's brief, asking for a return to a 15 per cent ad valorem duty on ultramarine, is more of the nature of a libel than of an economic document.

To answer this libel as far as the accusations of fixing prices, unfair practices, slashing of prices, exaggerated profits are concerned is out of place here.

A noticeable fact, however, is that this victimized "new very progressive concern" alluded to—namely, the National Ultramarine Co.—has signed through its president, N. B. Conley, the brief of ultramarine blue manufacturers, while its apparently disinterested champion, Stanley Doggett, was alone to sign the strange paper he filed with the Committee on Ways and Means.

Reverting to the few economic facts quoted, the importer says that the average selling price was a few years ago from 13 to 15 cents per pound, whereas the figures average to-day from 6 to 8 cents per pound. This is an untruth. The average to-day is close to 13 cents and only very low grades are selling from 6 to 8 cents, but there we have again the old paradoxical argument of the importers. They take as term of comparison the lowest, cheapest adulterated blue, which, being a drug on the market, is selling way under cost, and attempt to show the big pro rata duty such an imported blue would have to pay.

They say—here is a 6-cent piece of goods on which you ask us to pay 6 cents duty. The truth is that prices vary from $4\frac{1}{2}$ cents a pound to 26 cents a pound, according to the quality. Taking the average we find it was 15 cents in 1926, while it is close to 13 cents to-day, regulated, you may see, not by any agreement or disagreement between domestic manufacturers, but by the value put by foreign manufacturers on the goods they send here (12.4 cents in 1927).

Stanley Doggett's contention that there is very little difference between cost here and abroad is absurd, and for an importer to say that labor may be a "little cheaper" in Europe shows very well that he does not have to meet American pay rolls.

His statement that American sulphur is dearer in Europe than it is here is wrong. At Hull, England, where is located the most powerful ultramarine manufacturer in the world, American sulphur costs \$26 per ton c. i. f. Hull, while we have to pay \$28.27 per ton f. o. b. Huntington, W. Va. On the other hand, English manufacturers have another big advantage in the cost of English china clay to them. Added to an import duty of \$2 per ton, ocean freight, and long inland hauling, we pay for this necessary commodity about \$10 a ton more than our English competitors.

A higher duty would mostly stabilize the price of ultramarine and perhaps slightly increase its cost to the consumer. Let us say, for instance, that this increase in cost would be 1 cent per pound, it would mean an increase of one-tenth of 1 cent per capita and per year.

We may add also that the quantity of ultramarine blue imported in the United States would not be materially reduced by such an increased duty.

The bulk of the imported blue goes to an English manufacturer (Reckitt) established in this country, where it repacks its English-made goods. This would suffer no decrease.

A foreign high quality would always find its market. And there are many consumers who want foreign goods, nevertheless.

As to Stanley Doggett's parting shot of only five firms producing, his own brief shows that there is only one importer, absolutely unsupported by any other signatures, opposing the vital interests of these five firms.

THE STANDARD ULTRAMARINE Co.,
HENRY DOURIF,

Technical Director and Vice President.

Subscribed and sworn to before me this 9th day of July, 1929.

[SEAL.]

J. L. COLEY,
Notary Public.

My commission expires January 23, 1930.

SUPPLEMENTARY BRIEF OF THE STANDARD ULTRAMARINE Co.

Technically important, the production of ultramarine in the United States is a small factor when expressed in values. As far as can be ascertained the total yearly United States consumption is approximately 12,000,000 pounds, value \$1,560,000, yearly per capita consumption 1 cent and three-tenths of a cent. Families of wage earners and salaried employees directly concerned, 360; indirectly concerned, 250. This domestic production is insignificant when compared with the output of European manufacturers, which, besides all the uses known to us here, finds a great market in the home-laundry trade not existing in this country.

England, Belgium, France, Germany, Italy, Czechoslovakia, and Austria are together exporting a surplus equal to three times the United States consumption. Little trouble will it be for them to produce the additional amount that would swamp this country, and wipe out our plants and business. Europe supplies already Asia, Africa, and South America besides itself and, considering the United States market a most desirable target, is designing to absorb it.

The largest manufacturer of ultramarine in the world, Reckitts, of Hull, England, after buying out two English plants, recently purchased the firm of Destree, Belgium, becoming a powerful monopoly in both countries.

To-day this international monopoly exports to the United States the bulk of its ultramarine imports and, regardless of any percentage of such imports, the selling price of this commodity is at their mercy.

Unable to compete in foreign markets where we have to meet the low cost of European production, we earnestly pray to be enabled to meet European competition in our only market, the United States market, on equal competitive

basis. This can only be accomplished by the adoption of a specific duty of 6 cents per pound based on a fair estimate of difference in costs of production.
Respectfully submitted.

THE STANDARD ULTRAMARINE Co.,
HENRY DOURIF,
Technical Director and Vice President.

Subscribed and sworn to before me this 9th day of July, 1929.

J. L. COLEY, Notary Public.

My commission expires January 23, 1939.

ACCOUNTANTS' REPORT—SCHEDULE OF ULTRAMARINE SALES AND PROFITS 1922 TO 1928, INCLUSIVE, THE STANDARD ULTRAMARINE Co., HUNTINGTON, W. Va., JULY 11, 1929

THE STANDARD ULTRAMARINE Co.,
Huntington, W. Va., July 10, 1929.

DEAR SIR. Attached please find a tabulation showing the net sales of ultramarine in dollars, the number of pounds sold, the average selling price per pound, and the net profit for the past seven years of the Standard Ultramarine Co.'s business.

The average selling price of our product is, no doubt, higher than that of our competitors, as we specialize in high-grade and technical blues, and these are the ones left unprotected by a 3-cent duty.

Respectfully submitted.

THE STANDARD ULTRAMARINE Co.,
HENRY DOURIF, Technical Director.

Witness:
J. L. COLEY.

THE FEDERAL AUDIT Co.,
Huntington, W. Va., July 11, 1929.

Mr. HENRY DOURIF,
Technical Director, Standard Ultramarine Co.,
Huntington, W. Va.

DEAR SIR: We have audited the books of accounts and records of the Standard Ultramarine Co., Huntington, W. Va., for each of the years from 1919 to 1928, inclusive.

We hereby certify that we have verified the net sales of ultramarine, the average selling price per pound and the net profits for the years contained in the attached schedule from 1922 to 1928, inclusive, and that they are to the best of our knowledge and belief true and correct.

Respectfully,

E. C. CONLEY, President.

[SEAL.]

Schedule of ultramarine sales and profits, 1922 to 1928, inclusive, of the Standard Ultramarine Co., Huntington, W. Va.

Year	Net sales of ultramarine	Number of pounds sold	Average selling price per pound	Net profits per year
			Cents	
1922.....	\$727, 975. 09	3, 306, 972	22. 013343	\$124, 654. 43
1923.....	766, 983. 59	3, 296, 676	23. 265452	103, 621. 79
1924.....	756, 915. 17	3, 259, 716	23. 220290	107, 631. 11
1925.....	721, 411. 00	3, 600, 420	20. 036956	90, 804. 65
1926.....	653, 306. 39	3, 445, 128	18. 963196	83, 745. 64
1927.....	682, 858. 52	4, 243, 170	16. 093051	82, 145. 72
1928.....	641, 705. 31	4, 140, 272	15. 499110	4, 751. 10

KENTUCKY COLOR & CHEMICAL Co.,
Louisville, Ky., July 13, 1929.

STANDARD ULTRAMARINE Co.,
Huntington, W. Va.

GENTLEMEN: After consulting with Mr. Neil Conley and giving careful consideration to what a statement would indicate which embraced a financial statement covering the operations of the National Ultramarine Co. for the past five years, we have decided it would do your cause more harm than good if they were sent in.

Our figures would indicate that the losses of the National Ultramarine Co. have grown less each year during the past five years as sales increased. The conclusion to be drawn from this by any neutral party would be that all that was needed was increased sales.

Yours very sincerely,

NATIONAL ULTRAMARINE Co.,
By SEVIER BONNIE, *Vice President.*

SODIUM CHLORATE

[Par. 83]

BRIEF OF THE CHIPMAN CHEMICAL ENGINEERING CO. (INC.), BOUND BROOK, N. J.

HON. REED SMOOT,
*Chairman Subcommittees No. 1,
Committee on Finance, United States Senate.*

DEAR MR. CHAIRMAN: For the following reasons we respectfully protest against any increase in the specific duty on sodium chlorate, and ask that the present duty of $1\frac{1}{2}$ cents a pound be retained. The tariff act of 1922, in paragraph 83, carries a duty of $1\frac{1}{2}$ cents a pound on this article, and in the pending bill as passed by the House this rate of duty is retained.

Process of production.—The process employed in the production of sodium chlorate is comparatively simple; it involves the use of electrochemical cells in presence of salt water to convert NaCl to NaClO_3 . On account of the simplicity of its production, and the fact that it is always shipped in bulk, no packing being required, the labor cost, compared with the quantity produced, is, indeed, relatively small. As a matter of fact, 50 laborers can produce enough sodium chlorate to meet all the requirements of the United States.

Industrial importance and for what used.—The industrial importance of sodium chlorate is a very recent development. For example, in 1924 the United States used less than 500 tons. From that time on the demand for this product has steadily increased until we are now using in the neighborhood of 5,000 tons a year, and this increase is due almost entirely to one source of consumption, i. e., its use in the preparation of weed killers.

So long as the use of sodium chlorate was confined to the chemical arts, such as the dye business, fireworks, etc., there was little demand for it. Not until its importance in the realm of agriculture was discovered was there any appreciable increase in production. Because of its low cost, State and other governmental agencies are now developing and encouraging its use as a noxious weed-killing agent and insecticide. It is no exaggeration to say that not less than 98 per cent of all the sodium chlorate manufactured is used by agriculture, only 2 per cent being taken up by the chemical arts. It has been shown by the various State departments of agriculture, as well as the United States Department of Agriculture, that noxious weeds are costing the farmers of the United States more than \$100,000,000 annually, and the first practical solution of this problem was found, within the past four years, in the use of sodium chlorate. We should also state that potassium chlorate, the duty on which was increased under the flexible tariff provision from $1\frac{1}{2}$ to $2\frac{1}{2}$ cents a pound, should not be confused with sodium chlorate. No equivalent is found in the cost or use of potassium chlorate. The base of this article is raw potash which must be obtained abroad. Moreover, potassium chlorate, unlike sodium chlorate, is largely dependent upon the commercial importance of fireworks, certain kinds of explosives, and the match industry, all of which have little or no application to the needs of the farmer.

Retention of present specific duty of $1\frac{1}{2}$ cents a pound.—In our brief filed with the subcommittee of the Committee on Ways and Means, of the House of Representatives, on January 14, 1929, we asked that the present specific duty of $1\frac{1}{2}$ cents a pound on sodium chlorate be removed and that this article be placed on the free list. The Oldsbury Electro-Chemical Co. of Niagara Falls, N. Y., have recommended that the present specific duty be increased to $2\frac{1}{2}$ cents a pound. While we are absolutely opposed to any increase in the present duty, we now believe, after further investigation and consideration of the matter, that no material harm would be done the agricultural interests of the country if the present specific duty of $1\frac{1}{2}$ cents a pound were retained. A $1\frac{1}{2}$ -cent duty will enable the American producer to supply our farmers with sodium chlorate at a price as low,

if not lower, than can be done by the foreign manufacturer. The American producer is now, in some instances, selling sodium chlorate at prices which are thoroughly competitive with the foreign producer. It is the American farmer, if we are correctly informed, who is supposed to be the real beneficiary of the present tariff revision. We have shown that the method of producing sodium chlorate is such that, even though an increase of 1 cent a pound were imposed, as requested by the company referred to, only a few laborers (about 50), and four or five manufacturers would benefit in the way of increased wages and excess profits, while, on the other hand, thousands and thousands of American farmers would be compelled to pay more for an article, which, to them has now become indispensable. Here, we submit, is one opportunity to afford our farmers a real, substantial saving, and against which no logical argument can be advanced.

Respectfully submitted.

CHIPMAN CHEMICAL ENGINEERING Co. (INC.),
R. N. CHIPMAN, *President.*

SODIUM PHOSPHATE

[Par. 83]

BRIEF OF CURRIE, LANE & WALLACE, NEW YORK CITY, IN BEHALF OF FOREIGN MANUFACTURERS OF SODIUM PHOSPHATE

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

SIRS: We refer to our brief on sodium phosphate which appears at pages 868-875 of the hearings before the Committee on Ways and Means, House of Representatives, volume 1, Schedule 1.

In that brief at page 870 under the caption "Cost of Production" we set out table 10 from the preliminary report of the United States Tariff Commission in which the commission submits German costs of production of disodium phosphate expressed as percentages of costs in the United States.

With reference to the findings of the Tariff Commission we referred to the inequity of making cost comparisons of certain items based upon unequal valuations of the elements involved. The said items are: Repairs and maintenance, depreciation, imputed interest, all of which depend primarily upon the relative valuations of buildings and equipment used in the commodity production.

In figuring the cost comparisons, the Tariff Commission has used arbitrary values determined by the German Government for political purposes as of January 21, 1924, to find the percentage ratio based upon the appraised value of one domestic plant and upon the original cost of nine other domestic plants.

Under the subcaption "Valuation" at page 873 of the hearings we stressed the importance of the application of an equal basis of valuation to all properties used in making cost comparisons, and, as to the proper basis of valuation we cited the pendency of the St. Louis and O'Fallon Railway case before the United States Supreme Court.

In that case a decision has since been handed down which holds that in determining value of railway property for purposes of recapture the present or reproduction cost should be considered.

It would appear only equitable that the same principle be applied in determining the value of buildings and equipment of manufacturers in the preparation of cost comparisons for duty purposes. If so applied the reproduction cost of the foreign buildings and equipment would equal the valuations placed by the commission on the domestic properties and as a result it would be found that no appreciable variation exists between the cost of production of sodium phosphates abroad and in the United States.

At page 874 of the hearings we referred to the testimony of Mr. E. Hennion, the only manufacturer in Belgium of trisodium phosphate, before the United States Tariff Commission, that according to the Official Monitor of Belgium the living index in Belgium was 55 per cent higher in 1928 than in 1926.

In its preliminary report the United States Tariff Commission based its comparison of foreign and domestic costs of sodium phosphates on costs of production during the year 1926 when foreign costs were at a very low ebb. Mr. Hennion contended that since 1926 a constant increase in the cost of all labor and material

has occurred and to substantiate his statements he has prepared the schedule set out below showing comparative costs of production for the years 1926 and 1928 of the various items entering into the cost of production of sodium phosphates.

The figures furnished for 1926 have already been checked from the books of Mr. Hennion in Belgium by the United States Tariff Commission and the figures shown for 1928 are at the disposal of that commission at any time.

The average increase in total cost during 1928 over 1926 of the various items shown amounts to 58 per cent.

	1926	1928
	<i>France</i>	<i>France</i>
Phosphate rock.....	711,200.00	1,065,013.00
Sulphuric acid.....	575,100.00	924,564.00
Carbonate soda.....	450,340.00	689,961.00
Caustic soda.....	191,900.00	312,000.00
Other chemicals.....	1,300.00	2,120.00
Filter cloths.....	62,700.00	85,000.00
Repairs and maintenance.....	77,320.00	411,305.00
Carbon (coal).....	558,943.00	530,734.80
Salaries.....	709,280.00	1,015,192.00
General and administrative expenses.....	251,159.00	482,275.00
Selling expenses.....	65,000.00	175,000.00
Transports expenses.....	434,289.00	696,907.00
Barrels and bags.....	302,000.00	515,850.20
Depreciation.....	198,112.00	235,945.00

All of the foregoing amply demonstrates that the foreign costs of production of sodium phosphates actually were fully as high as the domestic costs of production and that the duty rates provided for in the tariff act of 1922 are more than sufficient to protect the domestic producers.

CURIE, LANG & WALLACE,

Attorneys for Gebrüder Guiline, G. m. b. H., at Ludwighshafen, Germany.

BRIEF OF ALEXANDER PATTERSON, REPRESENTING THE PIECE DYERS AND FINISHERS PROTECTIVE ASSOCIATION

FINANCE COMMITTEE,

United States Senate, Washington, D. C.

GENTLEMEN: I, representing the Piece Dyers and Finishers Protective Association, with executive offices located at Paterson, N. J., and including 95 per cent of the silk dyers and finishers in the United States, respectfully protest against any increase in the present duty of one-half cent per pound on disodium phosphate and submit the following facts in support of my stand:

The domestic manufacturers are asking for an increase of 100 per cent in this rate, namely, from one-half cent per pound to 1 cent per pound upon all sodium phosphate.

The figures of the Tariff Commission indicate that disodium phosphate is the only form of sodium phosphate imported in any substantial quantity and that about 12 per cent of the total United States consumption of disodium phosphate is imported against 1 per cent of trisodium phosphate, and practically no monosodium phosphate. The only form of sodium phosphate, therefore, that is really affected by this proposed increase is disodium phosphate, of which product the silk dyers and finishers consume 90 per cent of the entire United States consumption.

The consumption of my association at the present time amounts to 750,000 pounds daily. The Tariff Commission estimates that in 1926 the total United States consumption amounted to 200,000 pounds daily, so that it is clear that the use of this chemical has increased about 400 per cent in the past two years, which is at the rate of 200 per cent per annum.

Anticipating a large increase in consumption, our association members have made it a practice to purchase about 90 per cent of their requirements of this chemical from domestic manufacturers and 10 per cent from foreign producers. We have done this voluntarily and in order to insure a sufficient production from some source for our rapidly expanding requirements. We have at all times to date seen to it that 90 per cent of our requirements are purchased from the domestic sources. When we have acted in such good faith toward the American

manufacturers, is it quite fair for them now to attempt to increase the duty so high that it would wipe out our foreign suppliers and leave us completely at the disposal of the American producers?

The domestic producers of this chemical are only six in number. The present situation whereby foreign manufacturers can compete for a small portion of this business acts as a check against excessive price increase on the part of this limited group, and an insurance for us of an adequate supply at all times.

Our association members employ about 25,000 people at Paterson, N. J., and our business consists of dyeing and weighting American-made silks for silk manufacturers.

It is a well-known fact that the textile industry has been in a depressed state for several years, and the silk industry, in which the dyers form an important factor, is no exception to this condition. Competition is very keen in our industry and return on our investments of at least \$200,000,000 is not sufficient at the present time.

We submit that to increase the duty on disodium phosphate would result in an additional burden that our industry can not bear, and could only serve to increase the income, at our expense, of the six producers who already control the market.

Very truly yours,

PIECE DYERS AND FINISHERS PROTECTIVE ASSOCIATION,
ALEXANDER PATTERSON, *Executive Secretary*.

SODIUM SULPHATE

[Par. 83]

BRIEF OF THE MALLINCKRODT CHEMICAL WORKS, ST. LOUIS, MO.

SENATE FINANCE COMMITTEE.

GENTLEMEN: The Mallinckrodt Chemical Works of St. Louis, Mo., with factories at St. Louis and Jersey City and warehouses and sales offices at St. Louis, Philadelphia, and New York, respectfully requests your consideration of sodium sulphite, now dutiable under paragraph 83 at three-eighths of 1 cent per pound.

The present paragraph does not distinguish between sodium sulphite crystallized and sodium sulphite anhydrous. The crystallized contains 50 per cent of water; the anhydrous none. We are manufacturers of the anhydrous and we have been severely pressed by the imported article which has been coming over in larger and larger quantities. According to the figures reported by the Tariff Commission, the importations since 1922 have been as follows:

	Pounds		Pounds
1923.....	1, 437, 092	1926.....	835, 629
1924.....	548, 525	1927.....	1, 001, 147
1925.....	492, 549	1928.....	995, 364

The imported article is and has been for some time freely offered to our customers in the port of New York, duty paid, at 5 cents per pound, a price with which we can not compete without actually losing money. We therefore suggest that a distinction be made between ordinary sodium sulphit, which contains 50 per cent of water, and sodium sulphite anhydrous, which contains no water, to the extent that the duty on the anhydrous be not less than twice the duty on the crystallized.

Sodium sulphite anhydrous, while it has many uses, is distributed by us practically entirely to the photographic trade for their use in the development of films. Eighty per cent of our output has gone to the various studios along the Atlantic and Pacific coasts, which are readily accessible to the European exporters.

The competition we have encountered during the past year, for shipment from various seaports in the United States, has been most severe, and could only be met by us by a sacrifice of our profit in the article.

We request that you grant us this needed relief.

Respectfully,

MALLINCKRODT CHEMICAL WORKS,
FRED W. RUSSE, *Secretary*.

**LETTER FROM JOHN W. BOYER, REPRESENTING THE MONSANTO
CHEMICAL WORKS, NEW YORK CITY**

(Including sodium bisulphite)

JUNE 19, 1929.

Hon. DAVID REED,
United States Senate, Washington, D. C.

DEAR SENATOR REED: In accordance with your request when I appeared for the Senate Finance Committee discussing the difficulties with regard German importations of sodium sulfite and sodium bisulfite, I give herewith importations of those chemicals which have occurred in the last three years:

Year	Sodium sulfite anhydrous	Sodium bisulfite anhydrous
	<i>Pounds</i>	<i>Pounds</i>
1926.....	606,072	561,179
1927.....	964,286	1,773,354
1928 (11 months).....	845,161	1,803,401

Further information may be secured from the written memorandum I presented to your committee and in the record of the hearings for the Ways and Means Committee. I should in addition personally be very glad to assist your consideration for these chemicals in any way I can, upon your request.

Very truly yours,

JOHN W. BOYER,
Resident Vice President.

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