

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 IX

SCHEDULE 9

COTTON MANUFACTURES

JUNE 14, 15, 17, and 18, 1929

(With Supplement)

I N D E X E D

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UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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SUBCOMMITTEE OF THE COMMITTEE ON FINANCE

SCHEDULE 9.—COTTON MANUFACTURES

HIRAM BINGHAM, Connecticut, *Chairman*

FRANK L. GREENE, Vermont.
FREDERIC M. SACKETT, Kentucky.

FURNIFOLD McL. SIMMONS, North Carolina.
WALTER F. GEORGE, Georgia.

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, are grouped together as far as practical 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 9—COTTON MANUFACTURES

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 303, Senate Office Building, Senator Hiram Bingham presiding.

Senator BINGHAM. The subcommittee will be in order. It will be the practice of all subcommittees to swear all witnesses hereafter. The committee is authorized by the resolution of the Senate to administer oaths.

It was my hope to have had here this morning a copy of the President's message calling Congress into extra session. I wanted to call to the attention of all witnesses who appear before this committee the limitation that was put upon the Congress by the President in calling the extra session. It seems to members of this committee that we particularly want to concern ourselves with either agricultural cases or industrial in which there is real hardship, in which unemployment is growing, and in which the conditions have changed since the last tariff act was passed to such an extent as to cause a diminution in the amount of activity in the industry and consequent increase in unemployment.

In order to meet the request of the President it is not the intention of the committee to take up a large number of desirable changes which would help a little here and there but which are really not necessary, nor is it the intention of the committee to limit itself purely to agricultural matters.

I now have a copy of the President's message to which I have referred.

(The message of the President is as follows:)

To the Congress of the United States:

I have called this special session of Congress to redeem two pledges given in the last election—farm relief and limited changes in the tariff.

The difficulties of the agricultural industry arise out of a multitude of causes. A heavy indebtedness was inherited by the industry from the deflation processes of 1920. Disorderly and wasteful methods of marketing have developed. The growing specialization in the industry has for years been increasing the proportion of products that now leave the farm and, in consequence, prices have been unduly depressed by congested marketing at the harvest or by the occasional climatic surpluses. Railway rates have necessarily increased. There has been a growth of competition in the world markets from countries that enjoy cheaper labor or more nearly virgin soils. There was a great expansion of production from our

marginal lands during the war, and upon these profitable enterprise under normal conditions can not be maintained. Meanwhile their continued output tends to aggravate the situation. Local taxes have doubled and in some cases trebled. Work animals have been steadily replaced by mechanical appliances, thereby decreasing the consumption of farm products. There are many other contributing causes.

The general result has been that our agricultural industry has not kept pace in prosperity or standards of living with other lines of industry.

There being no disagreement as to the need of farm relief, the problem before us becomes one of method by which relief may be most successfully brought about. Because of the multitude of causes and because agriculture is not one industry but a score of industries, we are confronted not with a single problem alone but a great number of problems. Therefore there is no single plan or principle that can be generally applied. Some of the forces working to the detriment of agriculture can be greatly mitigated by improving our waterway transportation; some of them by readjustment of the tariff; some by better understanding and adjustment of production needs; and some by improvement in the methods of marketing.

An effective tariff upon agricultural products, that will compensate the farmer's higher costs and higher standards of living, has a dual purpose. Such a tariff not only protects the farmer in our domestic market but it also stimulates him to diversify his crops and to grow products that he could not otherwise produce, and thus lessens his dependence upon exports to foreign markets. The great expansion of production abroad under the conditions I have mentioned renders foreign competition in our export markets increasingly serious. It seems but natural, therefore, that the American farmer, having been greatly handicapped in his foreign market by such competition from the younger expanding countries, should ask that foreign access to our domestic market should be regulated by taking into account the differences in our costs of production.

The Government has a special mandate from the recent election not only to further develop our waterways and revise the agricultural tariff but also to extend systematic relief in other directions.

I have long held that the multiplicity of causes of agricultural depression could only be met by the creation of a great instrumentality clothed with sufficient authority and resources to assist our farmers to meet these problems, each upon its own merits. The creation of such an agency would at once transfer the agricultural question from the field of politics into the realm of economics and would result in constructive action. The administration is pledged to create an instrumentality that will investigate the causes, find sound remedies, and have the authority and resources to apply those remedies.

The pledged purpose of such a Federal farm board is the reorganization of the marketing system on sounder and more stable and more economic lines. To do this the board will require funds to assist in creating and sustaining farmer-owned and farmer-controlled agencies for a variety of purposes, such as the acquisition of adequate warehousing and other facilities for marketing; adequate working capital to be advanced against commodities lodged for storage; necessary and prudent advances to corporations created and owned by farmers' marketing organizations for the purchase and orderly marketing of surpluses occasioned by climatic variations or by harvest congestion; to authorize the creation and support of clearing houses, especially for perishable products, through which, under producers' approval, cooperation can be established with distributors and processors to more orderly marketing of commodities and for the elimination of many wastes in distribution; and to provide for licensing of handlers of some perishable products so as to eliminate unfair practices. Every penny of waste between farmer and consumer that we can eliminate, whether it arises from methods of distribution or from hazard or speculation, will be a gain to both farmer and consumer.

In addition to these special provisions in the direction of improved returns, the board should be organized to investigate every field of economic betterment for the farmer so as to furnish guidance as to need in production; to devise methods for elimination of unprofitable marginal lands and their adaptation to other uses; to develop industrial by-products, and to survey a score of other fields of helpfulness.

Certain safeguards must naturally surround these activities and the instrumentalities that are created. Certain vital principles must be adhered to in order that we may not undermine the freedom of our farmers and of our people as a whole by bureaucratic and governmental domination and interference. We must not undermine initiative. There should be no fee or tax imposed upon the

farmer. No governmental agency should engage in the buying and selling and price fixing of products, for such courses can lead only to bureaucracy and domination. Government funds should not be loaned or facilities duplicated where other services of credit and facilities are available at reasonable rates. No activities should be set in motion that will result in increasing the surplus production, as such will defeat any plans of relief.

The most progressive movement in all agriculture has been the upbuilding of the farmer's own marketing organizations, which now embrace nearly 2,000,000 farmers in membership and annually distribute nearly \$2,500,000,000 worth of farm products. These organizations have acquired experience in virtually every branch of their industry and furnish a substantial basis upon which to build further organization. Not all these marketing organizations are of the same type, but the test of them is whether or not they are farmer owned or farmer controlled. In order to strengthen and not to undermine them, all proposals for governmental assistance should originate with such organizations and be the result of their application. Moreover, by such bases of organization the Government will be removed from engaging in the business of agriculture.

The difficulties of agriculture can not be cured in a day; they can not all be cured by legislation; they can not be cured by the Federal Government alone. But farmers and their organizations can be assisted to overcome these inequalities. Every effort of this character is an experiment, and we shall find from our experience the way to further advance. We must make a start. With the creation of a great instrumentality of this character, of a strength and importance equal to that of those which we have created for transportation and banking, we give immediate assurance of the determined purpose of the Government to meet the difficulties of which we are now aware, and to create an agency through which constructive action for the future will be assured.

In this treatment of this problem we recognize the responsibility of the people as a whole, and we shall lay the foundations for a new day in agriculture, from which we shall preserve to the Nation the great values of its individuality and strengthen our whole national fabric.

In considering the tariff for other industries than agriculture, we find that there have been economic shifts necessitating a readjustment of some of the tariff schedules. Seven years of experience under the tariff bill enacted in 1922 have demonstrated the wisdom of Congress in the enactment of that measure. On the whole it has worked well. In the main our wages have been maintained at high levels; our exports and imports have steadily increased; with some exceptions our manufacturing industries have been prosperous. Nevertheless, economic changes have taken place during that time which have placed certain domestic products at a disadvantage and new industries have come into being, all of which creates the necessity for some limited changes in the schedules and in the administrative clauses of the laws as written in 1922.

It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial loss of employment may have resulted from shifts since that time.

No discrimination against any foreign industry is involved in equalizing the difference in costs of production at home and abroad and thus taking from foreign producers the advantages they derive from paying lower wages to labor. Indeed, such equalization is not only a measure of social justice at home, but by the lift it gives to our standards of living we increase the demand for those goods from abroad that we do not ourselves produce. In a large sense we have learned that the cheapening of the toiler decreases rather than promotes permanent prosperity because it reduces the consuming power of the people.

In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports.

I am impressed with the fact that we also need important revision in some of the administrative phases of the tariff. The Tariff Commission should be reorganized and placed upon a basis of higher salaries in order that we may at all times command men of the broadest attainments. Seven years of experience have proved the principle of flexible tariff to be practical, and in the long view a

most important principle to maintain. However, the basis upon which the Tariff Commission makes its recommendations to the President for administrative changes in the rates of duty should be made more automatic and more comprehensive, to the end that the time required for determinations by the Tariff Commission shall be greatly shortened. The formula upon which the commission must now act often requires that years be consumed in reaching conclusions where it should require only months. Its very purpose is defeated by delays. I believe a formula can be found that will insure rapid and accurate determination of needed changes in rates. With such strengthening of the Tariff Commission and of its basis for action, many secondary changes in tariff can well be left to action by the commission, which at the same time will give complete security to industry for the future.

Furthermore, considerable weaknesses on the administrative side of the tariff have developed, especially in the valuations for assessments of duty. There are cases of undervaluations that are difficult to discover without access to the books of foreign manufacturers, which they are reluctant to offer. This has become also a great source of friction abroad. There is increasing shipment of goods on consignment, particularly by foreign shippers to concerns that they control in the United States, and this practice makes valuations difficult to determine. I believe it is desirable to furnish to the Treasury a sounder basis for valuation in the and other cases.

It is my understanding that it is the purpose of the leaders of Congress to confine the deliberations of this session mainly to the questions of farm relief and tariff. In this policy I concur. There are, however, certain matters of emergency legislation that were partially completed in the last session, such as the decennial census, the reapportionment of congressional representation, and the suspension of the national-origins clause of the immigration act of 1924, together with some minor administrative authorizations. I understand that these measures can be reundertaken without unduly extending the session. I recommend their consummation as being in the public interest.

HERBERT HOOVER.

THE WHITE HOUSE, April 16, 1929.

GENERAL STATEMENTS

STATEMENT OF FREDERIC B. SHIPLEY, NEW YORK CITY, REPRESENTING THE COTTON GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.).

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

Senator BINGHAM. How long do you need, Mr. Shipley?

Mr. SHIPLEY. Approximately 25 minutes, Mr. Chairman, and for the sake of brevity and because of the complex statistics to which I will refer, I will hold closely to my notes.

Although the existing duties upon cotton manufactures imposed by the act of 1922 are the highest in our history, they would be substantially increased by the tariff bill recently passed by the House of Representatives and now under your consideration. Our committee believes that the existing rates have proven amply protective and are substantially prohibitive; and that any further increase would serve no useful purpose, but on the contrary be harmful to American commerce and industry as a whole, and tend to increase the burden of the American consuming public by increasing the costs of a prime necessity of life. Our committee believes that this can be conclusively shown, but unfortunately the notice and time allowed by your committee have been insufficient for preparation and presentation of the vast amount of information and evidence necessary to the consideration of so broad and complex a subject and essential to determining what rates of duty may be fair to the industry and the public alike. The proposed schedule itself provides in theory

for separate rates of duty upon more than 1,000 different kinds of cotton cloth alone, and this fact of itself will demonstrate that the subject can not properly be dealt with in a few words.

Senator BINGHAM. How many changes in those 1,000 items did the House make?

Mr. SHIPLEY. On substantially all, Mr. Chairman.

Therefore, our committee respectfully requests an extension of time of at least four weeks in which to prepare and submit to your body a comprehensive statement of our reasons for opposing many of the increases in duties upon cotton manufactures proposed in the bill.

If such time be granted, our committee will undertake to assemble and submit in convenient form a comprehensive collection of comparative samples of both domestic and foreign origin, with full data respecting the costs of manufacture, the wholesale prices, the costs to the public, where and by whom made, the financial conditions of the mills, the labor conditions, the wages, costs, and all other pertinent information so far as it may be obtained.

Senator BINGHAM. Mr. Shipley, did you appear before the Ways and Means Committee of the House?

Mr. SHIPLEY. No, sir.

Senator BINGHAM. Did anyone representing your group appear?

Mr. SHIPLEY. No, sir.

Senator SACKETT. You have had the bill now for some time. Have you not made these calculations already?

Mr. SHIPLEY. Yes, Senator; but it was not our understanding that public hearings would be held, and no arrangement was made by us until last Monday afternoon, and the tremendous amount of work incidental to assembling and compiling the samples and the information made it a practical impossibility to put this evidence before your committee to-day.

Senator GEORGE. How long would it require you?

Mr. SHIPLEY. We think, within four weeks, Senator. Much of this information must be obtained from abroad.

Senator BINGHAM. Do you mean to say that you are going to take advantage of the fact that we are holding open hearings to inflict upon us a month more of work than we would have otherwise?

Mr. SHIPLEY. It is not our intention to inflict any hardship upon you; but this subject is one of the most important in the whole tariff bill.

Senator BINGHAM. Granted; but you know it has been before the House for some months. The Ways and Means Committee started hearings last January.

Mr. SHIPLEY. Yes, sir.

Senator BINGHAM. And if it is so important, why have not those four weeks taken place before now instead of from now on?

Mr. SHIPLEY. One reason is that those firms or interests or persons who would possess figures are naturally not organized as would be the mills and the manufacturers who are specially organized for this purpose and who have the facilities. This labor must necessarily be done by a very few.

Senator BINGHAM. I think I can say right now that the first schedule of hearings covering all of the 15 different schedules has now been published and the conclusion of the hearings is to be reached within four weeks or less, so that it does not seem to me that there is

the slightest chance of any such opportunity as you request being granted. I would suggest that you make the best case you can at the present time.

Mr. SHIPLEY. Very well.

Senator GEORGE. If I may make this suggestion to you: We would hardly be able, as the chairman says, to incorporate in our hearings any brief that you would submit four weeks from now, but if you furnish to the committee a brief we will make use of it, of course.

Senator BINGHAM. Certainly.

Senator GEORGE. In further consideration of the bill before the whole committee.

Mr. SHIPLEY. Thank you.

Senator BINGHAM. In view of the fact that you are not prepared to go on now, would it not be better if, instead of taking 25 minutes now, you wait until your brief is prepared?

Mr. SHIPLEY. Senator, I think, in view of all of the conditions, it would be helpful and only just to our side that I be permitted to present those facts which I have here assembled and which are important, in my judgment.

Senator BINGHAM. Very well.

Mr. SHIPLEY. I would like to read for the sake of the record the complete request that I had purposed to make of your committee.

This information will be verified from the records of the United States Tariff Commission, so far as possible, and from other disinterested and reliable sources. The samples will follow as nearly as may be the 100 typical samples selected by the Tariff Board in 1911, and which have since remained to some extent the bases upon which Congress has formulated the subsequent tariffs upon cotton manufactures. The original 100 samples will be used, if possession and permission can be secured.

The value and importance of such information, and the time and labor required for its preparation, will be apparent. It is therefore hoped that your committee will see fit to grant the extension requested.

If, however, such time can not be given, our committee respectfully urges that the following basic conditions and facts be given due consideration in fixing the rates of duty upon cotton manufactures, and asserts that all of these statements may be verified from public records, from the investigations of the Tariff Commission, the Tariff Board, the reports of hearings before committees of Congress, and from common public and trade knowledge. It is our belief that, whatever may have been the requirements of the past, these facts will show that, broadly speaking, the American cotton textile industry to-day needs little or no protection by customs duties from foreign competition.

Raw material cheaper to American mills than to their foreign competitors: Most of the world's supply of raw cotton is grown at home. It is therefore cheaper to the American manufacturer than to his competitor. Special grades of cotton are grown in other parts of the world, but are equally available, since we have no duty upon raw cotton. Besides, there is convincing evidence in the recent testimony before the Committee on Ways and Means that American-grown cotton suffices.

Basic manufacturing costs lower in the United States than abroad: There is ample evidence to show that all of the ordinary processes of manufacture of the great majority of cotton cloths are now cheaper in America than in the principal competing countries.

Senator SACKETT. Will you make that statement over again, the one that you made there?

Mr. SHIPLEY. Basic manufacturing costs lower in the United States than abroad: There is ample evidence to show that of all the ordinary processes of manufacture of the great majority of cotton cloths are now cheaper in America than in the principal competing countries.

Senator SACKETT. By that, you mean cost of production?

Mr. SHIPLEY. Yes; the labor and machine processes that enter into the production of ordinary cotton cloth. I expect to prove this before I am through with these few pages.

Indeed this was clearly shown as long ago as 1911 in the exhaustive report of the Tariff Board appointed by President Taft for the very purpose of investigating the textile industries. The findings of that agency have never, so far as we know, been refuted. Naturally, proof of this assertion concerning manufacturing costs could be had only upon investigation by some authoritative body with power to adduce testimony upon subjects regarded by manufacturers as their private business and upon which they naturally are reticent. But there is sufficient information within common knowledge and within the reach of your committee to corroborate this statement.

Wages less in America per unit of production than in competing countries: In their efforts before the Committee on Ways and Means to obtain higher duties, the American cotton manufacturers relied almost wholly upon the assertion that they could not maintain an American standard of wages unless they were accorded increased protection. It is true that American textile wages, although lower than in any other great industry, are higher here than abroad, but this is now less true than before the World War. Comprehensive official evidence is lacking. There is great variation as between localities and individual plants. But it is believed to be broadly correct that American textile workers receive between one-third and one-half more than the corresponding workers in the principal competing country. But this difference is more than offset by the greater production of the American operative. Cotton manufacturing is now primarily a matter of machinery, in which America vastly excels. Automatic looms are the exception in those countries whose competition is feared; and will remain so as long as the foreign trade-unions maintain their traditional attitude toward labor-saving machinery. Even if this attitude changes, which is extremely unlikely, many years and enormous capital would be required to alter the relative situation. On the other hand, automatic looms are the rule in America. We have no recent official statistics at hand, but in 1911 the Tariff Board reported to Congress that there were less than 3,000 automatic looms in all of Great Britain, while there were then about a quarter of a million in America. Probably this ratio has not materially changed.

The number of looms that may be operated by one weaver varies, of course, with conditions and the skill of the weaver. In general, the foreign weaver operates 1 or 2 looms, with a maximum of 4;

while the American weaver operates from 6 to 20, with a maximum of 36. In addition, the automatic loom may be run at a higher speed. A conservative estimate is that the American weaver with automatic looms averages six times the production of a foreign weaver with ordinary looms. Obviously, an advantage of 33 per cent, or even 50 per cent in wages is nullified by a difference of 600 per cent in productive capacity. To illustrate the bearing of this particular element of wage cost to tariff protection, it may be noted that an automatic loom run at a speed of 180 picks will produce a fairly fine cloth at the rate of 2 inches per minute. Thus, with 30 looms a single weaver can produce 4,800 yards of cloth per week of 48 hours, of a dutiable value of 15 cents per yard, or \$720 for the week's production. The duty under the proposed law for such a cloth would be about 25 per cent, or actually \$180. The weaver's wages would be about \$18; so that the protection, so far as this element is concerned, would be ten times the total wages, or 1,000 per cent, even if the foreign weaver received nothing at all. If the foreign weaver were paid two-thirds of the American weaver's wages, the protection upon this differential would be 3,333 per cent. Nor can this be brushed aside as a *reductio ad absurdum*, for the actual differences make the comparison even more remarkable. For although the protection is to the American cloth, the duty is upon the foreign cloth, and the foreign weaver has nothing like the output upon which this calculation is based, and must work nearly nine weeks to produce the same amount of cloth. The foreign loom will not run so fast, nor can the weaver run so many. But for the sake of fairness assume a maximum speed of 150 picks per minute, and allow the weaver the maximum of four looms. This shows a maximum production of 533 yards of cloth for a wage of \$12 for the same week in which the American weaver produces 4,800 yards for a wage of \$18. We leave it to our friends on the other side to find a way to equalize this difference in terms of tariff percentages; but will point out that the net result upon such a basis is that the weaving cost in America is about one-quarter of 1 cent per yard, while the cost abroad is about 2½ cents. Admittedly, there are other elements which must be taken into consideration, but this simple illustration, the substantial accuracy of which may be verified by anyone in a few minutes' study of loom operation, and a knowledge of simple arithmetic, should carry an important lesson to those who still believe that American labor can not compete with foreign because it is more highly paid. A similar relative state of facts will be found to obtain in many of the other processes incidental to cotton manufacturing.

An illustration of efficiency and high duty: To emphasize the efficiency of American fine-cotton mills the representative of the National Council of American Cotton Manufacturers, representing 85 per cent of the American spindles, before the Committee on Ways and Means, said (p. 4473):

* * * our fine goods mills can produce a yard of cloth containing 4½ miles of yarn, and do all the operations necessary to manufacture it for approximately 9 cents, conversion cost, above the material. That would seem to compare favorably with any other industry for efficiency.

This statement was moderate and well within the facts. Its special importance is that it illustrates two vital points at issue: First, that American mills are the most efficient in the world so far as

manufacturing costs are concerned, for it is doubtful if that achievement is equaled anywhere; and second, that the protection accorded in the proposed bill to this very yard of cloth exceeds the total conversion cost. In the absence of those minute specifications necessary to ascertain the exact rate of duty, it may for purposes of illustration be assumed that a cloth meeting this general description would be dutiable at 40 per cent and have a dutiable value of 30 cents per yard. This would show an actual duty of 12 cents to cover a total conversion cost of 9 cents. In this instance the foreign conversion cost is doubtless higher than the domestic; but if the foreign cost were 25 per cent less, as is often claimed, the protection would amount to 530 per cent.

Imports are a negligible proportion of the domestic production: There is ample evidence, and it is generally admitted, that the total imports of cotton cloth are less than eight-tenths of 1 per cent of the domestic production. This fact of itself, would seem to dispose of any question of a need for increased protection. But the advocates of higher duties argue that the industry is endangered by the importations of the finer cloths. Whatever this danger may be, it can not have much effect upon the industry as a whole. For the statistics submitted by the manufacturers themselves to the House committee (p. 4487, House print) show that out of a total production of about one and three-quarters billion pounds, only about twenty-two and one-half millions were cloths finer than number 60s. So that at most this danger, real or imaginary, could affect only about $1\frac{1}{2}$ per cent of the domestic production.

Against 98 per cent of the domestic cloth the importations are only four one thousandths of 1 per cent: The figures above quoted show that of all cotton cloth produced in the United States, 1,706,360,232 pounds, or 98.3 per cent, were number 60s or lower, and that the imports in the same classes were only 6,893,133 pounds, or 0.00404 per cent. A further analysis shows that over 94 per cent of the domestic production was of cloths not finer than 40s; and that the importations in this class amounted to but 0.00279 per cent. Yet the proposed bill provides substantial increases in duties upon all of these, and taxes them as high as 37 per cent if of ordinary construction, and as high as 47 per cent in some cases. Our exports vastly exceed our imports.

Senator SIMMONS. What does the witness think might have been the importations if there had been no duty at all on those lower classes?

Mr. SHIPLEY. My personal opinion is, Senator, that even under no duty at all there would have been no substantial importations of any of the lower grades of cotton cloth.

Speaking of cotton cloth, the United States Tariff Commission says:

Our exports have exceeded our imports in every year since 1875.

This ratio of excess has on the average steadily increased, until in 1928, the exports were eight and one-half times the imports in quantity, and five times in value. These exports in the main were in open competition with the world; and it is self evident that at least upon the classes of cloth so exported our mills require no protection at all in the home market. The representative of the National Council of American Cotton Manufacturers, in his argument for

higher protection before the Committee on Ways and Means, sought to explain away these exports by attributing them in large measure to the proximity of our markets, especially emphasizing the Canadian market. But on the contrary, the fine trade we do with our neighbor to the north, is done under adverse, not favorable conditions. For our competitor there is Great Britain, who enjoys a preferential abatement of the Canadian tariff. So in that market we are not only able to compete upon an even basis, but actually against a handicap amounting to about 12 per cent. There is very little difference between the costs of rail transportation from our mill centers and the ocean transportation from Lancashire.

Senator SACKETT. Have you the amount of imports from Canada under those conditions?

Mr. SHIPLEY. I have not them at hand, Senator.

This presents the anomalous situation of our mills being able to compete with our most formidable rival against a handicap of 12 per cent, in the Canadian market, but unable to compete in our home market unless protected by a tariff of 20, or 30, or 40 per cent.

Let us again quote from the United States Tariff Commission:

Our exports are widely distributed. * * * Among the smaller purchasers may be noted the United Kingdom which in 1925 bought over 6,500,000 yards valued at over \$1,500,000.

Not only is this an illustration of our ability to "carry coals to Newcastle," but it should be noted that the average value of these goods was about 22 cents per yard, putting them well into the class of fine cloths upon which our mills especially fear competition from that same customer.

The Tariff Commission says further:

The United States is the largest producer of cotton cloth, and in export trade is exceeded only by Great Britain and Japan. * * * Imports are due primarily to the quality of certain grades rather than to general price competition. The relative importance of the price factor varies and at times it is the deciding factor on a limited number of fabrics, but normally the more important factors appear to be quality, reputation, lack of domestic production, and specialty demand. * * * On the staple goods made of yarns not finer than 40s, there is practically no competition from abroad; the domestic mills, aided particularly by their greater use of automatic looms, can produce and export most of such goods in competition with the world.

Please note that this is the language of the United States Tariff Commission in an official communication to Congress.

The foregoing are some of the more general reasons upon which our committee opposes the increases in the proposed bill, and which it hopes will be taken into consideration. Following are briefly stated some minor but nevertheless important points which we believe ought to be kept in mind:

The rates of duty specified in the bill are misleading and understate the real measure of protection afforded: The degree of protection to be accorded to the American manufacturer is of course intended to apply to his costs of manufacture, or at most to his selling prices. The duty however is not applied to the foreign manufacturer's costs, nor even to his selling prices, nor even to the export price; but to the ordinary wholesale price in the principal market of the country of origin. There is a wide difference, for foreign manufacturers usually do not sell directly, and the wholesale or dutiable price is made after

the goods have passed into second or third hands. So that to the mill's cost is added the mill's own profit, and the subsequent profits and costs of handling. For example a given cloth that might be produced at a cost of 20 cents to the British and the American mills alike, and be dutiable at 30 per cent. This would appear to afford a protection to the American mill of 30 per cent, while the actual protection would be much more. For the cloth costing 20 cents to manufacture quite probably has a wholesale or dutiable value of 25 cents, if of staple nature; or 30 cents if a novelty. So the duty would be 30 per cent of 30 cents, or 9 cents, thus protecting the American manufacturer to the extent of 45 per cent, or half again as much as the framers of the law may have intended. Such differences vary widely; but the real degree of protection is almost always far in excess of the apparent rate.

Invisible and incidental protection: It is submitted that just rates of protection can not be determined without taking into account those costs and conditions incidental to importation, aside from the prescribed duties to be paid, such costs as surely augment the protection afforded as if they were directly taxable at the custom-house. They include the costs of buying, commonly a buying commission; a fee to the American consul; freight to port of shipment; the costs of assembling and packing, ocean freight, marine and other insurance, employment of a broker to arrange the formalities of entry, and not infrequently the employment of a customs attorney in connection with questions of appraisal or rates of duty. The total of these costs vary widely. Upon cotton cloth they rarely are less than 5 per cent or 6 per cent, and commonly 15 per cent or 16 per cent. While no round figure would justly cover all cases, our committee feels that 10 per cent would be a conservative amount to be regarded as added to the domestic manufacturer's protection, in addition to the duty actually taxable. Beyond there is much incidental protection afforded by the difficulties, time, distance and inconveniences of buying and selling thousands of miles from the source of supply. Domestic transactions are matters of minutes and hours; foreign, weeks and months. In textiles in recent years these matters have become great obstacles by reason of the rapid changes in fashion and demand, and by the universal policy of hand-to-mouth buying. All of these have combined to render the American textile manufacturer immune, to a large extent, from foreign competition, almost irrespective of prices and rates of duty.

Inequalities which result from the practice of providing three different rates of duty to the same basic cloth in different States: The proposed bill follows the practice of many years in providing for a given cloth one rate of duty if in the gray or raw state; another but higher rate if it has been bleached; and another and still higher rate if it has been printed, dyed, or colored. Prior to the World War there was a large measure of justice in this, because up to that time the foreign costs of bleaching, printing, and dyeing were notably less than in the United States. For the last 10 years, however, this situation has reversed, and the American costs of these processes is from 30 per cent to 50 per cent less than abroad. In the case of ad valorem duties it is plain that a given rate of duty applied to a given cloth in whatever state, will furnish a uniform rate of protection, no matter how many processes have been added to the

cloth; for with each added cost, the actual duty increases proportionately.

Senator SIMMONS. How much did I understand you a moment ago to say that the cost of dyeing and bleaching and printing in this country was less than the cost abroad? How much less did you say?

Mr. SHIPLEY. Broadly, from 30 per cent to 50 per cent, Senator.

Senator SIMMONS. How do you account for that? The reverse used to be true.

Mr. SHIPLEY. That is accounted for quite simply. I might say that in 1913 I went abroad for members of your committee and obtained information then which showed the situation to be substantially as it is to-day. During the war British and continental bleachers and dyers found it necessary to combine in order to control dyestuffs and other materials and to fix prices. These combinations were so successful that they have remained in force; and as they have no act in Great Britain similar to our Sherman Act, they have persisted to this day, doubtless to the great disadvantage of the British textile industry and to the decided advantage of the American textile industry.

Senator SIMMONS. Then your answer is that by reason of combination in Europe they are able to dye for less. Have we any combination in the United States controlling dyestuffs?

Mr. SHIPLEY. Not as such, Senator. There is, I believe, an understanding—

Senator SIMMONS. It is the first industry that I have come in contact with producing an article having a very general use that is not subject to some sort of combination.

Mr. SHIPLEY. You have misinterpreted my answer, Senator. I did not contend that this industry is not subject to some sort of combination. There are a very large number of finishing plants that are operating under one management, or substantially one management, if not under one ownership.

May I proceed with this particular paragraph?

Senator SACKETT. Will you let me ask you one question before you proceed, and right on that point? You say that since the war the cost of finishing has become 30 per cent less in America than it is in foreign countries, as I understood you?

Mr. SHIPLEY. Yes, sir.

Senator SACKETT. Can you tell us whether during that period the imports of finished goods have decreased or increased?

Mr. SHIPLEY. All finished goods have relatively decreased.

Senator SACKETT. Can you give us some figures on that?

Mr. SHIPLEY. I could. I have some in my portfolio, but they would be very tedious to read.

Senator SACKETT. But that is one of the criterions upon which we have to base our judgment of your statement. Naturally if they have become 30 per cent less in cost of finishing, it ought to practically shut them out entirely.

Mr. SHIPLEY. It does not shut them out entirely, because a large number of the sort of finer textiles that are imported or importable are imported because of some novelty feature, so that the whole process is purchased complete abroad. But the only substantial cotton textile businesses that are proceeding are the large concerns who

bring the goods over in the gray or raw state and have them finished here.

Senator SACKETT. Can you give us the amount of imports of the ordinary goods that come in gray and those that have been bleached, during a period of 10 years? I do not mean specialty stuff, but plain things, in order to substantiate your statement of decreased cost of bleaching.

Mr. SHIPLEY. The statistics compiled by the Department of Commerce or by the Tariff Commission would not especially indicate the particular nature of the goods, only in a general way. I have compiled a statement as nearly as they have been subdivided, and I have a photostatic copy of the tables prepared by the Tariff Commission for the years 1925 and 1928. These were obtained by me only late yesterday afternoon, too late to tabulate for your committee. This is one of the reasons why we are asking time in which to present the full case.

Permit me, however, to show you how this may work out.

Senator BINGHAM. How much longer are you going to require?

Mr. SHIPLEY. Not over five minutes, if I may read rapidly for the purpose of having this in the record.

Prior to the World War there was a large measure of justice in this, because up to that time the foreign costs of bleaching, printing, and dyeing were notably less than in the United States. For the last 10 years, however, this situation has reversed, and the American costs of these processes is from 30 per cent to 50 per cent less than abroad. In the case of ad valorem duties it is plain that a given rate of duty applied to a given cloth in whatever state, will furnish a uniform rate of protection, no matter how many processes have been added to the cloth; for with each added cost, the actual duty increases proportionately. It is equally plain that if the rate rises as the process is added, the actual protection upon the process itself has been compounded to an unreasonable and unintended extent, because the added rate applies not alone to the value of the added process, but also to the value of the cloth. Since it is well known that these processes now cost much less here than abroad, it is presumed that no extra duty upon them is necessary or expected. Our committee hopes to be afforded opportunity to submit detailed illustrations of the inequalities in which this practice results; and meanwhile points out that it tends to enforce the importation of cloth in the raw state for finishing here; resulting in a hardship for those American merchants who have neither the knowledge nor the means to converting businesses of their own.

Senator SIMMONS. I do not want to interrupt you, but I do want to understand as you go along exactly your position. Do I understand you as contending that this finer class of goods is produced abroad at greater cost than the American goods?

Mr. SHIPLEY. Not in all cases.

Senator SIMMONS. That seemed to me to be the logical conclusion of the argument that you are making, that as to the higher-class goods the foreign cost of production is greater than the American cost of production. If that is so, I take it that your logical conclusion would be that there is no necessity for any duty upon those high-class goods.

Mr. SHIPLEY. In respect of the finest of high-class goods, Senator, that is not exactly true. My contention here, and the figures will bear me out, is that up to and including cloths made of yarns not finer than No. 60, all the evidence before us shows that there have been no substantial importations and that those goods, or a large number of them, are actually made more cheaply in America than abroad.

Senator SIMMONS. I see your argument about the class of goods made of yarns below No. 60, but above No. 60, if I understand your argument, the conclusion that I am led to would be that these finer goods above 60 would cost more to produce in our competitive foreign market than the cost of production in the American market?

Mr. SHIPLEY. No, sir; I have not so stated.

Senator SIMMONS. I know you have not, but is not that the logical conclusion from the argument you are making?

Mr. SHIPLEY. Not necessarily. There is no one fixed rule that may be applied to cotton manufacturing. It is not an exact science. It is subject to infinite variations and complexities, and no one rule may be set down to affect all. But broadly speaking, a number of fine goods not only may be made more cheaply abroad, but are no more suitably to be made in the United States than it would be to grow oranges in the District of Columbia.

Senator SIMMONS. I really felt that the sum total of your argument was that the cost of producing these coarse goods was less here than abroad and the cost of producing the higher class goods was probably also less here than abroad.

Mr. SHIPLEY. No, sir.

Senator SIMMONS. It seemed to me that that was a very remarkable statement, in view of all the contentions that have been made here that costs of production abroad were very much less than in this country, not only as to cotton goods but as to practically all other articles purchased from Europe that are not upon the free list. If that was the result of your investigation, I was anxious to have you give the committee some information as to what you thought about the general ability of the Americans to produce as cheaply as the foreign competitors do in our competitive markets of Europe. I can not see any reason why this argument of yours should apply to cotton and not to other things that are produced in Europe and sold in this market in competition with American products.

Mr. SHIPLEY. My answer to that, Senator, would be that as to those cotton cloths and to as those other commodities in which machinery, excellence of labor, and enterprise of management are the predominating factors, the work may be done more cheaply in America than abroad, as, for example, in the case of automobiles; but where it is a matter of labor, of long skill or traditional application to fine work, or climate—wherever those conditions are the principal factors, then of course the goods may be made abroad more cheaply than here.

Senator SACKETT. It certainly would not be the case in regard to all bleached or finished goods, from your argument, because that would apply to fine goods as well as coarse goods—that they could be bleached 30 per cent cheaper since the war, and for that reason all

tariff ought to be taken off to the extent of the difference between the importation of the raw goods and the finished goods——

Mr. SHIPLEY. I am afraid you have not quite understood me, Senator. I have not stated that these other costs are that much less abroad than here. I have stated that the prices of the process of bleaching, dyeing, and printing are from 30 to 50 per cent less here than abroad.

Senator SACKETT. Then why should there be any duty?

Mr. SHIPLEY. There should be no duty; and the bill as proposed here, and all of the tariff bills we have had in my memory, have proposed not merely a higher duty upon cloths to which these processes have been added, but also a higher rate, which has resulted in compounding the rate upon the process itself.

Senator SACKETT. That would apply to the higher numbers as well as to the lower numbers?

Mr. SHIPLEY. Yes, sir; but not in the same proportion.

Senator SACKETT. How do you differentiate between those goods?

Mr. SHIPLEY. Senator, I am making it only as general as one may in respect of a commodity that has a thousand variations. If you ask me why it applies less to fine goods than to coarse goods, I would tell you that, for example, a gray cloth which would cost 2 cents a yard to bleach, that 20 per cent would represent 20 per cent of the finished cost of the cloth; but as to a gray cloth that would cost \$1, for example, to produce, might not and probably would not have more than 2 cents added to its cost, in which case the difference would only be 2 per cent.

Do you follow me there?

Senator SACKETT. Yes. I wanted to know whether it applied to the fine goods, and I take it from your argument that it does, but not in the same proportion?

Mr. SHIPLEY. Yes, sir. Of course that should be qualified by saying that there are probably kinds of finishing in Europe that are not done here at all or, if done, are done at greater cost.

Senator SIMMONS. Your argument, then, is that they have got the advantage of us in the lower cost of labor and we have the advantage of them in the lower costs of machinery?

Mr. SHIPLEY. We have the advantage of having modern and better machinery than they have in Europe. I had already stated, Senator, that although we have no final figures up to date, that in 1911 the Tariff Board found that there were less than 3,000 automatic looms in the whole of Great Britain, but about a quarter of a million in the United States.

Senator SIMMONS. And you think the advantage that we have in machinery over them in labor would about balance?

Mr. SHIPLEY. I have endeavored to show previously, Senator, that in respect of weaving we have an advantage that on the average amounts to about 600 per cent.

Senator SIMMONS. They have the advantage in labor and we have the advantage in machinery. Do those two advantages about offset each other?

Mr. SHIPLEY. In my opinion, on the lower goods they much more than offset each other.

Senator SIMMONS. And we can really produce more cheaply than they can?

Mr. SHIPLEY. Senator, I have not merely stated that as my own opinion, but I have quoted the United States Tariff Commission to that effect.

Senator SIMMONS. That applies both to fine and to common goods?

Mr. SHIPLEY. It applies less to fine than to common goods.

Senator SIMMONS. But it does apply to both?

Mr. SHIPLEY. Yes.

Senator SIMMONS. Does it apply also to wool?

Mr. SHIPLEY. I think I will have to answer that I am not qualified to inform you there. It would be my opinion that in some classes of wool manufactures it would apply to a considerable extent.

Senator SIMMONS. If your argument is sound it likely would apply, would it not?

Mr. SHIPLEY. I think woolen manufacturing is less a matter of machinery than cotton is.

Senator SIMMONS. Would it apply to silk?

Mr. SHIPLEY. I am very reluctant to touch upon these subjects on which I am not well informed.

Senator SIMMONS. I wondered if it applied to all of the textiles, because if it does, that is a very remarkable statement in view of all the other statements that have been made to me.

Mr. SHIPLEY. I think, Senator, that the further we go into this schedule the more remarkable will appear statements that have been made before your body and other committees.

Just a moment, please, and I shall conclude—

Senator BINGHAM. Pardon me, right there, asking you how long you have been in the cotton manufacturing business.

Mr. SHIPLEY. About 30 years.

Senator BINGHAM. As a manufacturer?

Mr. SHIPLEY. No, sir. I was a merchant and importer, and now am an officer of a textile manufacturing company.

Senator BINGHAM. Where is your company?

Mr. SHIPLEY. In Port Chester, N. Y.

Senator BINGHAM. Do you make cotton goods there?

Mr. SHIPLEY. We make no cloth. We acquire our cloth through other manufacturers and process it from there.

Senator BINGHAM. Do you import any of the cloth you use?

Mr. SHIPLEY. Practically none, no proportion of moment. There are certain cloths that we are able to obtain better abroad; but I do not believe it is 1 per cent of our business.

Senator BINGHAM. So, then, the tariff that you are opposing does not affect your own business at all?

Mr. SHIPLEY. No, Senator; I am not here representing my own business or my own stockholders. I am here as a member of a committee or group of the National Council of Importers and Traders, merely as their spokesman. I have no personal interest in the outcome of the tariff.

Paragraph 904 (d) provides additional duties of 10 per cent upon "cloth woven with eight or more harnesses, or with Jacquard, lappett or swivel attachments," and 5 per cent for "cotton cloth woven with two or more colors or kinds of filling." This, it should be noted, does not merely impose an additional 10 per cent upon the specified weaving process, but also upon the entire value of the cloth as a whole. It is a duty compounded upon a duty. It would result in

substantially increasing the duty, and operate to assess an extraordinarily high rate upon the process itself. All of these specified methods of weaving and loom attachments are of ancient origin, and all have been in common use for generations here and abroad, with the exception of the "swivel," which is a hand-loom attachment, used to a limited extent in Switzerland, and of which there are none in America, so far as we know. Each of these attachments should be dealt with separately. "Eight harnesses" is merely a method of loom adjustment, more commonly used in Europe than in America, to facilitate certain kinds of weaving. Its cost is negligible, and adds nothing appreciable to the cost of weaving. It works precisely the same in America as abroad. There is no good reason for extra duties upon cloth woven by this method. "Jacquard" is a loom attachment in common use for about 130 years, enabling the automatic weaving of fancy cloths. This does add something to the cost of the loom, and something to the cost of weaving. It adds nothing to any of the other costs of manufacture. But whatever it adds, it adds relatively alike whether used in Europe or America; and this difference is equally protected by the basic duty rate without the imposition of the additional 10 per cent. The extra 10 per cent thus compounded results in increasing the basic duty upon cloths to which it applies, by from 21 to 56 per cent. Upon the estimated differences in the cost of this process at home and abroad, this additional 10 per cent compounded upon the whole dutiable value of the cloth results in an actual protection of this differential as high as 236 per cent.

"Woven with two or more colors or kinds of filling": This special provision affects mainly ordinary apron and dress ginghams, from the cheapest to the most expensive. The introduction of two colors or kinds of filling threads is a simple process of weaving, and is as old as weaving itself. The basic duties in the proposed bill, already provide for a substantial increase upon these cloths, and the absence of any need for an additional compound duty upon them may be seen on page 1559 of the Tariff Commission's Summary of Tariff Information in which it appears that in 1925 the domestic production of ginghams was 356,475,999 yards valued at \$57,591,279, while the imports in the same year were 2,630,114 yards valued at \$556,119. No figures are given of the domestic production since that time, but it probably is about the same, while the imports have steadily diminished until last year they were only 248,612 yards valued at \$120,911. The principal manufacturer of ginghams in the world has been in successful operation in New Hampshire for 98 years in what is said to be the largest cotton mill in existence. It is reported to have 24,000 cotton looms and 680,000 spindles. It is believed that this mill can and does produce ginghams at a less cost than any other mill anywhere. The proposed bill would increase the duty upon cheap ginghams from about 23 per cent to about 31 per cent, a duty increase of 30 per cent.

Senator SACKETT. Can you refer to the section?

Mr. SHIPLEY. That is in paragraph 904, subsection (d). It is there provided.

Senator SACKETT. Are you reading from the new bill or the old one?

Mr. SHIPLEY. The new bill.

Senator SACKETT. All right.

Mr. SHIPLEY. The very fine gingham of Scottish manufacture which are imported in small quantities, already bear a rate of 47½ per cent, which would seem ample protection without the addition of this extra special duty.

"Swivels": The extra 10 per cent provided for cloth made "with swivel attachments" appears to be without any justification whatever. There are no swivels used in America, nor likely to be, for they are applicable to hand looms only. The swivel is a device which inserts and knots a small cluster of threads to form a knot. So far as we know, it is used only in Switzerland, where the cost of these hand-woven goods is already very high, and when imported to this country pay a high duty. The only apparent purpose of this additional duty is to discourage their use. These goods in no way conflict with the so-called imitation "dotted swisses" made in America, and on which the dot effect is imitated by a printing process; and which already sell here for about half the price of the hand made Swiss goods.

Time precludes reference to many other provisions in the proposed schedule which our committee feels are open to serious objection, such as the discrimination indicated in singling out special cloths and special articles, either actually by name, or by description, for rates of protection higher than they would pay if classified as cotton cloth. All of these are substantially cotton cloths, and should be treated as such, and accorded only the same degree of protection granted to cloths of like class. It is hoped that opportunity will be given to place further and more comprehensive evidence into your hands.

It is not the purpose of our committee to express criticism of the present law; nor of the principles and policies upon which it was based. We do, however, feel that its rates already afford ample protection to the American cotton textile industry; and respectfully represent that no sound reasons so far have been advanced to justify the increases proposed in the schedule now under your consideration.

Our interpretation of the information at hand is that there are not, nor have there been for many years, any really competitive importations of cotton cloths. It is inevitable that there always will be some use in America of textiles of foreign origin. In the language of the Tariff Commission, "such importations are supplementary rather than competitive." We believe their importation is at the minimum.

Whatever may have been the situation before the World War, our manufacturers are now complete masters of our home market; and could remain so with far less protection than they now enjoy.

It is our hope that they will turn their attention to the larger world markets, which, in respect of most varieties of cotton cloth, they are well equipped to secure, to advantage both to their industry and American industry as a whole.

Senator BINGHAM. I now have before me the paragraph of President Hoover's message which I desired to read at the beginning of the hearing as some indication of what seems to the majority members of the committee the proper test to apply in regard to requests for increasing the tariff. The President says:

It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the last few years and the consequent decrease of employment due to insurmountable competition in the products of the industry.

COTTON YARNS, THREADS

[Pars. 901 and 902]

**STATEMENT OF ROBERT C. KERR, NEW YORK CITY, REPRESENTING
THE AMERICAN THREAD CO.**

The witness was duly sworn by Senator Bingham.

Senator BINGHAM. Mr. Kerr, you are interested in paragraphs 901 and 902 of the bill?

Mr. KERR. Particularly in 902; incidentally in paragraph 901, however. I wish to discuss paragraph 902, cotton thread and kindred articles.

Senator GEORGE. Did you appear before the Ways and Means Committee?

Mr. KERR. I did, sir.

Senator GEORGE. So your testimony here is supplemental?

Mr. KERR. It is. I wish to refer to the brief presented before the Ways and Means Committee, if that is agreeable.

Senator SIMMONS. Are you engaged in the business about which you are going to speak?

Mr. KERR. Yes.

Senator SIMMONS. Where is it located?

Mr. KERR. We have mills in New England and also a plant in Georgia. Our mills are located in Williamantic, Fall River, Westerly, and we have a plant in Georgia, at Dalton.

Senator SIMMONS. Producing the same product?

Mr. KERR. Yes; sewing cotton and kindred articles.

Senator BINGHAM. Before the House committee you asked for one-half of 1 per cent per hundred yards, "provided, that none of the foregoing shall pay a less rate of duty than 35 nor more than 45 per cent ad valorem"?

Mr. KERR. What I got was the straight ad valorem 25 in the House bill. That was after cutting out these specific rates; and that was the point that I wished to see this committee about.

I would like to explain, if I may, that while my name is on the record as representing the American Thread Co., I am really appearing for the thread industry.

Senator SIMMONS. What basis of valuation is that 25 cents on? I mean, as a matter of fact, what basis has been established at the customhouse as the measure of the cost?

Mr. KERR. The basis has been the value at the point of export. Some is sent from England and some from France.

I just wish to say that while a representative of the American Thread Co., individually I also represent some 35 thread companies.

Senator BINGHAM. How much time would you like?

Mr. KERR. Not over 15 minutes, unless there are many questions.

In our brief before the Ways and Means Committee we pointed out as a reason for asking for the rates we have asked for that there is a very considerable amount of what we call hand work cotton, crochet, knitting, darning, and similar items; and the importation of these items went up from 1923, as a basis, from 7,165,000 to about 13,300,000 for the two years 1927 and 1928. The imports of these

particular articles, in face of the diminishing demand in the trade, almost doubled.

These figures that I am giving you, gentlemen, are on the basis of 100 yards, that being the basis on which the specific rates were made, one-half cent per 100 yards. Therefore in making up our figures we have dealt with the unit of 100 yards.

I think it is perhaps unnecessary to state that rates of wages in European countries that we have to contend with are low.

Senator BINGHAM. You put that testimony in the House hearings?

Mr. KERR. Yes. I will not burden you with it here beyond saying that the wages in this country run all the way from two and one-half times those paid in Great Britain to four and one-third times those in France, and our wages are five and one-third times the wages paid in Belgium. France manufactures a considerable amount of thread, and the importations that we now have to contend with come very largely from France.

Senator SIMMONS. You say the importations were thirteen million?

Mr. KERR. Yes. On the basis of 100 pounds, the value of that, sir, is \$1,500,000 for 1927.

Senator SIMMONS. What is the total domestic consumption?

Mr. KERR. I really can not answer that question, Senator; I do not know.

Senator SIMMONS. I would like to know whether the importations are large in proportion to the total consumption.

Mr. KERR. I perhaps have some figures on that.

Senator BINGHAM. He stated before the House committee that while the consumption had been decreasing the import rates had been increasing.

Senator SIMMONS. That may be so, but we ought to know something about the relative amounts produced in this country and abroad.

Mr. KERR. Yes; that is so.

Senator SIMMONS. You can put it in your statement hereafter.

Mr. KERR. Yes; I can only make a guess at it now. We know what we do ourselves but we do not know what our competitors do.

Senator SIMMONS. Has the Department of Commerce any figures on that?

Senator GEORGE. The Tariff Commission has, I think.

Mr. KERR. I do not think the Tariff Commission can tell you.

Senator SACKETT. Do you know what the total production of these threads is?

Mr. KERR. These are what we call handwork cottons. They are made up of various items. I am quite sure, Mr. Chairman and gentlemen, that any information that the Tariff Commission would give would have to be a guess.

Mr. KERR. Now, may I go ahead with this brief?

Senator BINGHAM. Go ahead.

Mr. KERR. The tariff law of 1922 in force to-day provides a specific duty of one-half of 1 cent for each 100 yards. It contains a rider providing that in no case shall a less duty be charged than 20 per cent ad valorem, nor shall a higher rate be collected than 35 per cent ad valorem.

In other words, an ad valorem rider to the specific rates.

In the brief above referred to we suggested that the specific rates should remain as in the present law and that the rider fixing the ad valorem basis should be changed to a minimum of 35 per cent and a maximum of 45 per cent. Paragraph 902 of the present tariff bill provides merely for an ad valorem duty on cotton sewing, darning, embroidery threads, etc., of 25 per cent, without any specific provisions such as are at present in force.

This bill, if enacted into law in its present form, would work a serious injury to the thread industry of this country, and would open the American market to foreign competition to a very much greater extent than is the case under the present tariff of one-half cent per 100 yards. In other words, the House bill reduces it.

Senator BINGHAM. By cutting out the specific duty.

Mr. KERR. The House bill reduces it by cutting out the specific duty.

Senator SACKETT. Who asked them to do that?

Mr. KERR. I do not know, but from what I am told I think that the imports of certain articles happened to figure about 25 per cent. That is the only reason why they took that action. It does raise the minimum from 20 to 25 per cent, but it reduces the maximum to 25 per cent instead of 35 per cent.

Senator BINGHAM. By taking away the specific duty?

Mr. KERR. By taking away the specific duty.

Senator BINGHAM. You feel that that has a very unfortunate effect?

Mr. KERR. Yes.

Senator BINGHAM. Would you be willing to go back to the old bill?

Mr. KERR. We would be willing to go back to the old bill rather than to make the change which is made in the present House bill. But what we would like, and I will come to that, what I have to suggest, is a very slight variation from the old legislation. I assert here that the present protection is much better than it would be under this bill. As I have stated above, a minimum of 20 per cent and a maximum of 30 per cent ad valorem. The proposed flat duty of 25 per cent ad valorem on all cotton threads, crochets, and so forth, imported would be a very much lower rate of protection than the present law provides.

The paragraph immediately preceding, namely 901, sections (a) and (b), slightly increases the rate of duty on cotton yarns. I might say that our company have one mill which is entirely devoted to the making of fine yarns, and we find that the new rate in the proposed bill is just about a stand-off; in fact, it is slightly less than we get in the fine yarns. We would point out that when single strands of cotton yarn have once been combined with other strands and twisted into what is technically known as 2-ply, 3-ply, 4-ply, 6-cord, and so forth, it becomes to all intents and purposes "sewing cotton," and it is impossible to define exactly where cotton yarn ceases to be yarn and becomes cotton thread; so that there is a great conflict between paragraphs 901 and 902, as I have just explained.

In sizes finer than 50's the duty on yarn (par. 901) is higher than that on thread wound on spools, tubes or cones ready for use on the sewing machine. For example, a fine yarn, in size 90 or 100, would be subject as such in its single condition to a duty under paragraph

901 of 37 per cent. Immediately this yarn is advanced beyond the condition of a single yarn and is twisted into two, three or four ply, it would be classed and imported as thread, and if the tariff bill, in its present form, became law, would be brought in at 25 per cent ad valorem; i. e., 12 per cent less than it would be subject to in the single form. The single yarn, the simple form, would come under the 901 schedule, and be subject to 37 per cent, whereas if it was twisted it would then come under the third schedule, at 25 per cent.

Senator SIMMONS. It is the third schedule that you want increased?

Mr. KERR. We want it increased in the House bill.

Senator SIMMONS. Yes.

Senator SACKETT. Would you not like to have the others all thrown under the other schedule?

Mr. KERR. The thread in its finished form on spools is a very different article from yarn, and they always have been in separate schedules, and their schedule is very simple.

Senator SIMMONS. Do I understand that you want the thread schedule higher than you do the yarn schedule?

Mr. KERR. We do not ask for that, Senator. It would be a reasonable request, but—

Senator SIMMONS. I am asking if you want that.

Mr. KERR. It would be a reasonable request to make, that it should be higher, but we do not ask for it higher.

Senator SIMMONS. Do you want it raised up to the yarn schedule?

Mr. KERR. Yes; we want it raised up to the yarn schedule, with specific rates. I have just said that immediately if yarn is advanced beyond the condition of a single yarn and is twisted into two or three or four ply, it becomes thread, and can be imported at 25 per cent, instead of 35 per cent which applies to the yarn. That is to say, it is 12 per cent less than it would be subject to in its single form. That is an anomalous condition.

Senator BINGHAM. In other words, the bill in its present form puts a premium on the foreign manufacture of thread?

Mr. KERR. Exactly.

The inconsistency of the above is evident, and it follows that a higher rate of duty should be applied to sewing cotton thread which has undergone the additional processes of twisting, and in most cases of bleaching or dyeing, winding, spooling or tubing, and has otherwise been prepared for use on a sewing machine.

The American thread manufacturers believe it was only through an oversight that conditions so anomalous as those described above were permitted in the framing of the House bill, and that your honorable body will see fit to remedy the situation and restore the specific rate of one-half cent per 100 yards, with a minimum of 25 per cent and a maximum of 37 per cent ad valorem. This latter rate would correspond with the maximum rate on cotton yarn, which is why we ask for it.

Senator SACKETT. Let us have that once more.

Mr. KERR. We recommend that to remedy that situation you restore the specific rate of one-half cent per 100 yards, with a minimum of 25 per cent and a maximum of 37 per cent ad valorem. The present minimum is 20 per cent. That is the only change we ask for, a maximum of 37 per cent; 37 per cent is 2 per cent higher than the present law provides, and it seems to us that it should be sustained,

in the yarn schedule, and that is the reason we ask for 37 per cent instead of 25 per cent.

Senator BINGHAM. The same as the new yarns?

Mr. KERR. Yes, sir; the same as the new yarns.

The assessment of duty at a flat rate of not less than one-half cent per 100 yards has been included in every tariff since 1864, with the exception of 1913, when the Underwood Tariff Act provided only an ad valorem duty of 15 per cent. The rider providing a maximum of 35 per cent ad valorem was applied in the 1922 tariff for the first time. My information is that it was a straight specific rate of duty.

In passing we would observe that but for the conditions caused by the advent of the war, the Underwood rates would have done great injury to the sewing cotton thread interests in the United States.

To sum up, should your honorable committee agree to the recommendations suggested above, the only difference between the present tariff law and what we propose in so far as paragraph 902 is concerned would be that, while the specific rates would remain unchanged, the minimum ad valorem rate would be raised from 20 to 25 per cent and the maximum from 35 to 37 per cent. Paragraph 902 would then read as follows:

Cotton sewing thread, one-half of 1 cent per hundred yards; crochet, darning, embroidery, and knitting cottons, put up for handwork, in lengths not exceeding eight hundred and forty yards, one-half of 1 cent per hundred yards: *Provided*, That none of the foregoing shall pay a less rate of duty than 25 per centum nor more than 37 per centum ad valorem. In no case shall the duty be assessed on a less number of yards than is marked on the goods as imported.

That is all I have to present.

Senator BINGHAM. Thank you, very much.

COTTON CLOTH

[Par. 904]

STATEMENT OF ROBERT AMORY, BOSTON, MASS., REPRESENTING THE NATIONAL COUNCIL OF AMERICAN COTTON MANUFACTURERS

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

Mr. AMORY. The National Council of American Cotton Manufacturers respectfully urges the approval of Schedule 9, H. R. 2667, as passed by the United States House of Representatives, with the five following amendments:

I. To section (a), paragraph 904, page 134, line 6: After the words "ad valorem" insert "*Provided*, That none of the foregoing shall pay less duty than fifty-five one-hundredths of 1 per cent per average number per pound." The said section, so amended, will then read:

PAR. 904 (a). Cotton cloth, not bleached, printed, dyed, or colored, containing yarns the average number of which does not exceed number 90, 10 per centum ad valorem and, in addition thereto, for each number, thirty-five one-hundredths of 1 per centum ad valorem; exceeding number 90, 41½ per centum ad valorem: *Provided*, That none of the foregoing shall pay less duty than fifty-five one-hundredths of 1 cent per average number per pound.

II. To section (c), paragraph 904, page 134, line 14: Strike out "16" and insert in lieu thereof "20"; and page 134, line 17, strike out

"47½" and insert in lieu thereof "51½." The said section, so amended, will then read:

PAR. 904. (c) Cotton cloth, printed, dyed, or colored, containing yarns the average number of which does not exceed number 90, 20 per centum ad valorem, and, in addition thereto, for each number, thirty-five one-hundredths of 1 per centum ad valorem; exceeding number 90, 51½ per centum ad valorem.

III. To section (d), paragraph 904, page 134, line 24: After the words "ad valorem" insert "in no case shall the duty or duties imposed upon cotton cloth in this paragraph 904 be less than 5 cents per pound." Said section, so amended, shall read:

PAR. 904. (d) In addition to the duties hereinbefore provided in this paragraph, cotton cloth woven with eight or more harness, or with Jacquard, lappet, or swivel attachments, shall be subject to a duty of 10 per centum ad valorem and cotton cloth, other than the foregoing, woven with two or more colors or kinds of filling, shall be subject to a duty of 10 per centum ad valorem. In no case shall the duty or duties imposed upon cotton cloth in this paragraph 904 be less than 5 cents per pound.

Senator BINGHAM. Are you going to give us the reasons for these changes, later?

Mr. AMORY. I am going to give you the changes first, and then will give you the reasons therefor.

Senator BINGHAM. Very well. Might I suggest that it would save time if you would discuss each change as you give it?

Mr. AMORY. Yes, sir.

Senator BINGHAM. When you submit your bill they can all be put together.

Mr. AMORY. In the first place, we are asking for a specific duty—

Senator SIMMONS. What percentage is this?

Mr. AMORY. Section (a), paragraph 904. We ask for a minimum specific duty. There was a specific duty in the present tariff of 1922, that specific duty being 1 cent per pound, up to number 40, and from then on, 10 per centum ad valorem, or 0.55 one-hundredth of 1 cent per number per pound; the new duty being a gradual increase amounting to 6 cents at number 40 and the increase amounting 6 cents from there on.

The reason we asked for that is that in a great many numbers on the gray cotton cloths which have been coming into this country for many years the actual effect of H. R. 2667 is to produce a lower duty than the act of 1922. The act of 1922 had a specific with an alternate minimum ad valorem duty, and if we examine the figures of imports, you will find that those goods come in at both of these rates under almost every average count. There seems to be a low-priced cloth and a high-priced cloth at almost every number. For instance, at 48 there is cloth coming in valued at 88.3 cents per pound which takes a specific duty, and there is also cloth coming in valued at \$1.15 a pound which takes the minimum ad valorem duty. Probably I can show you better, very briefly, on a curve, just the effect of that thing, which will save a great many figures. Here is the present ad valorem duty [indicating on graph] act 1922 an unbroken line.

Senator SACKETT. Is your brief paged?

Mr. AMORY. It is not paged. This particular one is marked "E." The dotted line shows on the chart H. R. 2667. That is the ad valorem duty that is now proposed.

On D, which seems to follow E, in my copy, you will see the solid line is the 1922 act, the specific duty, and the broken line is the proposed specific duty which we have calculated in keeping with the ad valorem rates, so far as we can so calculate.

The operation of those two alternatives shows in the next graph here [indicating]. The solid line there represents the duties actually paid on the goods which came into this country in 1927—gray goods—some taking the specific, and some taking the ad valorem, and hence the line is irregular. If we go to H. R. 2667, the dotted line comes in, and while it only shows one instance where it is below the solid line there are a number of other individual instances, because this graph is based on averages of 10 numbers and not by individual numbers.

The broken line shows the effect of introducing the new minimum specifics that we suggest when you apply them to all the 1927 imports, number by number, and we have calculated the amount, and you can see that the effect of that line is to give you a broken line.

Senator BINGHAM. What is the advantage of this suggestion? That is, I do not quite understand the story that the graph is supposed to give here.

Mr. AMORY. It is this, that when we come to H. R. 2667, we are actually lowering the duties on a great many numbers which have been coming in, and how many more goods that will bring in we have no means of guessing, but it certainly will bring in no less.

Senator BINGHAM. How is that shown on the graph?

Mr. AMORY. That is not shown in the graph as clearly as it is in the table here.

Senator BINGHAM. It is represented in the graph?

Mr. AMORY. Here is where it comes here, which I think perhaps is clearer. This is the long map [indicating]. The red you see there. It is expressed in pounds. The average count numbers are at the bottom. The red part of the column shows the imports which came in under specific rates.

Senator BINGHAM. By pounds?

Mr. AMORY. By pounds. The black part of the column shows what came in under the ad valorem duty. The red jagged line shows the ad valorem equivalents of the specific duty actually paid, which is the actual duty paid on the specific basis, divided by the foreign value, thereby recreating an ad valorem.

Senator SACKETT. I am afraid you have got some awfully dull people here. It may be plain, but I do not know what you are talking about.

Mr. AMORY. If a certain number comes in at 30 per cent, it is perfectly obvious that of the foreign value of that is a dollar, and the duty is 30 per cent, the duty on that is 30 cents.

Now, if the foreign value of that cloth is 80 cents and the specific duty is 32 cents, then the ad valorem equivalent becomes 40 per cent. Is that clear? That is the way we have worked this out. We have translated this back into a percentage.

Senator BINGHAM. This jagged red line represents the equivalent?

Mr. AMORY. Expressed in a percentage, ad valorem. In other words, if a certain number of pounds of cloth had a foreign value of 80 cents per pound, and the duty on the specific basis figured out 32 cents, the ad valorem equivalent would be 40 per cent.

Senator BINGHAM. What line should that jagged red line be contrasted with here on the graph?

Mr. AMORY. The jagged line is the specific duty, which should be contrasted with the grayish line there [indicating], which is the old ad valorem rate.

Senator BINGHAM. That is the one in existence at present?

Mr. AMORY. In existence at the present time under the act of 1922.

Under H. R. 2667 is that blue or purple line which you will see is higher than the old ad valorem. It is in many instances higher than the old specific, but in many instances it is lower than the old specific.

Senator BINGHAM. I begin to get it now. So that this graph, then, shows by the blue line that the duty included in the bill now being considered is in all cases where it is lower than the jagged red line, actually lower than the duty now being paid; is that correct?

Mr. AMORY. Where it is being paid on the specific basis.

Mr. SACKETT. Are you trying, in this argument, to argue that if it were all ad valorem it would be all right, and that the specifics are too low?

Mr. AMORY. No, sir. Also the fact that almost in every yarn count group, every yarn number, there have appeared to be these low-priced cloths and a number of high-priced cloths. In protecting the high-priced cloth in each case, if you apply an ad valorem duty which is sufficiently high to be effective on the low price cloth, it would have to be, in our opinion, too high for us to ask for.

Senator BINGHAM. Too high for what?

Mr. AMORY. Too high for us to think that it was wise to ask for it or fair to ask for it.

Senator BINGHAM. I see.

Mr. AMORY. And in the same way, if you applied a specific duty which would apply both on the high-value and the low-value goods, that specific duty would be too high; so that we felt that the only rational answer is to have a specific duty which will be effective on the low-priced cloths and an ad valorem duty which will be effective on the high-priced cloths, and then they can both be reasonable.

Senator SACKETT. Are these two cloths varying in price, the same cloths; that is, they have the same number of threads?

Mr. AMORY. They have the same average yarn count.

Senator SACKETT. How do they differ? Do they differ in the character of the yarns, or what?

Mr. AMORY. We have no really adequate information now on that subject, not being able to get samples of the actual goods coming in in great volume.

Senator SACKETT. You can not get the samples?

Mr. AMORY. We can not get samples, of course, of every lot of imports coming in, and we have to get a great number to make that comparison. I have hazarded a guess—and it can be no more than a guess—that the low priced are the carded cloths, while the high priced are the rather carefully made combed yarn cloths. There is a guess, which is probably as good as any other.

Senator SACKETT. With the bill as it is drawn at the present, that will enable you to distinguish between high and low priced cloths of the same yarn count?

Mr. AMORY. No; there is no way of doing that, except to have the specific duty.

Senator SACKETT. And that is the change that you propose?

Mr. AMORY. That is the change we propose.

Senator SIMMONS. I understand your theory is this, that the specific duty is applicable both to the high and the low alike?

Mr. AMORY. There is an alternative duty. That is, the higher duty rules. If the specific duty is higher than the ad valorem duty, the specific duty is applied.

Senator SIMMONS. I did not understand that you were talking about a case where the specific or ad valorem was optional. I thought you were talking about a case where the specific always applied.

Mr. AMORY. No, sir; the specific is a minimum.

Senator SIMMONS. Sometimes it is so written and sometimes it is not. Sometimes it is a specific one plus an ad valorem one.

Mr. AMORY. We have not asked for that. We have not asked for a specific plus an ad valorem.

Mr. BINGHAM. Will you read again your amendments, so that we may have in mind what it is you propose?

Mr. AMORY. What we ask for is that in section (a), paragraph 904, after the words "ad valorem," there be this language inserted. Would you like to have me read that whole paragraph?

Senator SACKETT. Yes.

Mr. AMORY (reading):

Paragraph 904. (a) Cotton cloth, not bleached, printed, dyed, or colored, containing yarns the average number of which does not exceed number 90, 10 per centum ad valorem and, in addition thereto, for each number, thirty-five one-hundredths of 1 per centum ad valorem—

Exactly as it is in the bill now—

exceeding number 90, 41½ per centum ad valorem

Senator BINGHAM. That is the way it is now.

Mr. AMORY. That is exactly the way it is in H. R. 2667.

Senator SACKETT. In other words, where it is very high-priced goods you want it all ad valorem?

Senator BINGHAM. Just a minute, please. I want him to finish reading his amendments.

Mr. AMORY. And we propose in addition these words:

Provided, That none of the foregoing shall pay less duty than fifty-five one-hundredths of 1 cent per average number per pound.

Senator SACKETT. Would you call that a specific rate?

Mr. AMORY. A specific rate.

Senator BINGHAM. Fifty-five one-hundredths of 1 cent per average number per pound?

Mr. AMORY. Yes; fifty-five one-hundredths of 1 cent per average number per pound.

Senator SIMMONS. You propose that as an amendment to H. R. 2667?

Mr. AMORY. In that one paragraph only. That is the only place we ask for that. There is a specific duty in each paragraph in the 1922 act.

Senator BINGHAM. You believe this will straighten out this line. Have you a graph showing that?

Mr. AMORY. We believe with the graph here that it will operate like this [indicating].

Senator BINGHAM. I see.

Mr. AMORY. That is simply to apply to the 1927 imports. The change in the volume of imports in the different numbers might change that.

Senator SIMMONS. You do not ask for that amendment except on this above 90?

Mr. AMORY. No, sir. It applies to all numbers, but only on gray cloth.

Senator BINGHAM. Are you asking for that proviso in any other of these sections?

Mr. AMORY. No, sir.

The second thing for which we ask is to raise the ad valorem in section (c), paragraph 904, by starting it at 20 instead of 16, and continuing it to 51½; that is, making it 4 per cent more flat throughout on cotton cloth, printed, dyed, or colored.

Senator BINGHAM. Will you give your reasons for that?

Mr. AMORY. The reasons for that are that in the 1922 act there was a 4 per cent extra ad valorem given for cloths vat dyed or printed with vat dyes, there being a large duty on dyestuff. That was put in as a compensatory duty, and it did not affect the others.

In H. R. 2667 that compensatory duty of 4 per cent was dropped out, for what reason I do not know. It may have been the difficulty of administration. I can easily imagine that it would be difficult to administer. We find that is the case of imports actually coming in.

In the last chart in the book you will see the goods actually coming in, and we ask for this old rate, which is a new rate in H. R. 2667, not shown on this. You see the gray line is the ad valorem.

Senator BINGHAM. Is not the blue line H. R. 2667?

Mr. AMORY. I see you have one on your copy. I have not that on mine. It is not on this copy. The gray line is the 1922 act, and the green line is H. R. 2667. That works very nicely on the high numbers where there are not many imports, but it is not on here [indicating].

Senator SACKETT. Why should there be any duty at all on the last part of this when there are not any imports?

Mr. AMORY. There are a number of imports that come in at 80. There is one line that comes in at 80.

Senator SACKETT. As a fair question, why should you not put a duty on at 80 that would solve that question, and leave out the rest altogether?

Mr. AMORY. No; but we are importing goods, and that will bring in a large number of 79.

Senator SACKETT. Why does 80 come in in that large proportion, and the others not?

Mr. AMORY. Again, I can only suggest, because it is not a statement I can be sure of; but I have a guess that that is largely permanent finished organdies.

Senator SACKETT. Ought there not to be somebody who can tell us definitely? You are asking for these changes, and you are not showing any imports at all, and naturally it is going to raise the cost of the goods, unless you have overproduction and active competition. Now, without showing any imports, what excuse is there to put duties on these goods, and why is not that a good place to produce goods?

Mr. AMORY. If you have duties on gray goods, and you have no duties on the like finished goods which are not now coming in, it would be very simple to finish them on the other side and bring them in. In other words, you have to consider the relation of one group of rates to another group of rates, and the 4 per cent we have asked for makes the finished cloths consistently 10 per cent above the gray cloths, throughout. If we should carry your argument to its conclusion and remove all duties, on all finished goods above number 50, without question there would be a large flood of imports. That, again, is a matter of opinion.

Mr. SACKETT. I think it is a matter of degree, whether you do that—

Mr. AMORY. You could not reduce it all the way; that is obvious.

Senator SACKETT. No, but on this statement it looks to me like you could reduce it materially.

Mr. AMORY. We have kept it consistent throughout, because we felt that if we reduced it in one part and not in another, we did not know what effect we would produce.

Mr. BINGHAM. Can you give us, briefly, some idea in relation to the amount of cloth in the higher numbers produced in this country?

Mr. AMORY. Yes, sir. Of course there obviously exists most tremendous internal competition. I went into that to a considerable extent before the House committee, and I understood that you did not wish to take too much of your time going through those matters again.

Senator BINGHAM. We appreciate your not duplicating your former testimony; but the question that occurs to me in connection with what Senator Sackett has been saying is to wonder what is the relative amount in pounds produced in the United States of, let us say, some cloth in the 20s and in the 120s.

Mr. AMORY. If you will look at the tables in the brief—next to the two long charts there is a table—and we have shown there the production, the imports, and their relation in 1927.

Senator BINGHAM. That answers my question absolutely [referring to table].

Mr. AMORY. We used yarn for use in manufactures as equivalent to cloth woven and we took the import figures which two together gave the consumption as roughly as one may get it.

In the face of that, you will see the proportions of imports in the three different groups to the production. There you will see the imports refer to the possible domestic consumption, based on domestic production plus imports. You will see that in numbers 61 to 80, 20 per cent of domestic consumption was imported; in 81 to 100, 38 per cent; in 101 to 120, 46 per cent, and in 121 and above, 229 per cent.

Senator BINGHAM. In other words, on this chart it appears that there was very little imported; there was actually very little of this manufactured?

Mr. AMORY. That is so; but we are also talking pounds; and when you are talking pounds, a pound of a hundred is a lot more than a pound of a ten—more yards, more machinery, more labor.

Now, it is true that the bulk of this material coming in is of the gray cloth, and not of the bleached or dyed cloths to-day.

Senator SACKETT. Does this schedule (C) refer to the bleached and dyed?

Mr. AMORY. Only to the printed and dyed.

Senator SACKETT. We heard a statement made a short time ago about the cost of finishing and bleaching yarns being 30 per cent less in America than in Europe. What is your reaction to that statement?

Mr. AMORY. I think the use of the word "cost" was unfortunate, because I do not know the cost, nor do I think the other people actually know the actual costs of operation. I think the word that should have been used was "prices."

In England there is a very effective combination of bleachers and finishers covering almost all the finishing work in England, and they have an absolutely fixed price that the Englishman can not get away from.

In this country we have the most unrestricted and bitter competition; so that in a number of instances prices in this country have been shown to be lower than those abroad. That has nothing to do with the case.

It must also be considered that up to a certain time, or up until very recently, our industry was based on long runs—a large volume of any one color or number. The foreign industry was based on the basis of short runs, 100 or 200 yards of the color or pattern. Now, in this country the development of hand-to-mouth buying has increased the number of styles. We are being forced more and more rapidly to make these goods in very short runs, because everybody wants a different pattern. No two women want to be seen with the same dress. That is rather reacting to raise our costs in finishing, and to increase the cost of labor, in proportion to the amount of machinery used.

Senator SACKETT. Does not that apply to England, the same?

Mr. AMORY. England has always been running on short turns. They have always demanded more or less hand work, and less automatic machinery in finishing those cloths.

Senator SACKETT. Do not Germany and Czechoslovakia do the finishing process?

Mr. AMORY. They do, and they are increasing in that to an alarming degree.

Senator SACKETT. Are they controlled by cartels or something of that kind that controls the price of finishing there?

Mr. AMORY. I think they are.

Senator SACKETT. Does not that apply all over Europe practically, in the large finishing concerns, so that the price of finishing is greater than it is in America?

Mr. AMORY. The price is held up. There has been in the newspapers—I could not give you the exact quotation, but my recollection is clear on that score—the statement, taken from English merchants, that the finishing association, the calico printers' association, have very much reduced their price for export production in order to enable them to ship finished goods out of the country in larger volume; and any time those associations saw fit they could, without doubt, finish much more cheaply for export than for domestic consumption and ship out an enormous quantity of goods.

Senator SACKETT. Why should the exporters of foreign countries have shipped just gray goods and had them finished here?

Mr. AMORY. That is what they are doing.

Senator SACKETT. That is what I inferred; the low numbers.

Mr. AMORY. The low numbers. Those, according to the Tariff Commission—

Senator SACKETT. On those low numbers the percentage of cost in finishing would be greater according to the value of the goods than it would on the high numbers?

Mr. AMORY. Not necessarily. In the case of relief-printed draperies, for instance, a large part of which come into the country, we have no figures on them. They are printed with hand-carved wooden rollers, and it makes a very beautiful printing. That work can be done abroad for 15 cents per hour per operative. Here it will cost 50 cents or more. That printed drapery is coming in in large enough volume now so that you can find it in almost all the stores in the United States.

Senator BINGHAM. I take it from your figures that in the higher numbers the amount imported is larger than the amount manufactured here.

Mr. AMORY. In all forms; that is the gray, printed and bleached.

Senator BINGHAM. Is there any reason why we could not meet foreign competition on those if we had proper protection?

Mr. AMORY. I have consulted with the managers of a good many other mills, and they tell me so. They say they can make those goods in this country, that they could make them if they were sure of protection so that they could start in to make them; and not only that, but several of these finer mills say that they did run on those goods 20 years ago, and that they have been driven off of them in the last two tariffs; such mills as the Ponernah Mills, of Connecticut, and the Duneen Mills, of Greenville, S. C. They all claim to be making coarser goods than they made before the last two tariffs.

Senator BINGHAM. Then if Senator Sackett's suggestion would be adopted, and the tariff taken off of the extremely high counts because of the small amounts shown in the graph as being imported, that would result in throwing more of these people out of work?

Mr. AMORY. Cloth would come in, and of course it would throw more people out of work.

Senator BINGHAM. Our factories have been handling and could handle these finer cloths?

Mr. AMORY. There is no question about it.

Senator SIMMONS. I understood you to say that in certain countries of Europe, particularly Great Britain and Germany, by reason of combinations, relating especially to dyestuffs, the foreign price of these textiles has been kept up and maintained at a certain level; but you say that those very same goods, when exported from there to America, sold at a very much less price here in the American market than the price they maintained in the European market. Is that true? Have I correctly understood you about that?

Mr. AMORY. From the actual imports coming in, it seems to be so in those lower numbers. Yet what kind of goods are coming in we have no figures on, except by numbers, and we do not know how many relief prints are coming in and how many draperies as against dress

goods or the printed goods; because that is not taken into account in that table.

Senator BINGHAM. In other words, the statistics do not tell you about that?

Mr. AMORY. They only give you the average count number, and whether it is a plain cloth; but you could not distinguish between a printed medium-weight piece of goods for draperies, or a printed medium-weight piece of goods for dresses. In fact, no man could tell what it was going to be.

Senator BINGHAM. And you think that adding 4 per cent in paragraph 904, section (c), making it 20 per cent instead of 16 per cent, will make a sufficient difference there?

Mr. AMORY. We think so, and we have tried to ask for no more than we thought was really necessary.

Senator BINGHAM. Is there any difficulty about getting the real valuation of these goods? Is there any trouble about getting the valuation of goods of this kind?

Mr. AMORY. We have not any proofs that we can give of that sort. Some of them seem to be coming in uncommonly cheap, but we can not prove anything beyond that.

Senator BINGHAM. They are coming in uncommonly cheap and selling uncommonly high?

Mr. AMORY. Sometimes they sell uncommonly high. To give you a general picture of what we have asked for in this cloth bill, or to give you one more example for a very small matter—

Senator BINGHAM. Before you take that up, may I just ask whether you are in favor of the so-called United States valuation?

Mr. AMORY. I am not really sufficiently posted on that subject to be able to say that I am. It is a new matter, and I have listened to some of the hearings, and I confess frankly that it is sufficiently complicated that I do not know just what position to take on it, nor have we as a committee discussed it.

Senator SACKETT. Take this last chart in the book; if it had the total consumption of imports and domestic consumption graph on here as well, would it now show it very much more to your liking?

Mr. AMORY. It would show, in the lower end, a very much smaller percentage of imports on account of the large domestic production. We know from actual experience that on such things as relief-printed draperies and things of that type, a very large proportion of the total domestic consumption is imported, and I think you will later hear from the gentlemen who are representing the finishers of those prints. It might be that applying the total imports and total production in these lower numbers, the percentage of total imports are small, yet in some cloths the percentage might be very high in certain places. The only additional thing in this particular group for which we ask is an amendment to paragraph 904 (d), in which we state:

In no case shall the duty or duties imposed upon cotton cloth in this paragraph 904 be less than 5 cents per pound.

The reason for that is that there has been a considerable development of waste products in Germany and Czechoslovakia, making numbers into yarns of twos, ones, and even one-half. Now, when you apply a specific duty of 55 per cent per pound to number one-half, the duty becomes insignificant, there is no duty. In the case of

gray goods, where you have an ad valorem under the act of 10 per cent, these waste goods are brought in very cheap, so that we put the 5-cent clause in to make a minimum against these cheap waste goods. A considerable proportion of labor is in them. It is not of big moment, and it will not affect the total average very much, but it does protect that low end.

Senator SACKETT. Will you give me the idea in regard to the Jacquard, lappet, or swivel attachments, and why it is put there? The statement was made that those were made by machine attachments, and that the additional cost was equal wherever it was made, whether in this country or in a foreign country, and that it added nothing to the cost of the goods, except that amount, which is the same. Why should there be an additional duty under those circumstances?

Mr. AMORY. I absolutely disagree with that statement, that there is the same additional cost abroad as in this country, unless you figure it in percentage instead of actual dollars. The machine cost is more in this country because it is built here. In the same way the actual labor, the cutting of the cards, and setting up a machine, when you come to the Jacquard is more costly in this country. It is a very complicated machine which is run by a set of cards punched full of holes. The design has to be drawn to exact scale on a squared paper by hand. The cards then must be punched, which involves hand labor. As you get into high decorated fabrics, the runs are likely to be very short. You will run a machine for three weeks or even less, and then you have to change it all over.

In many cloths it is either one loom or two looms to a weaver in this country as well as abroad.

The previous witness made some statements in relation to wages. You will see in my brief before the Ways and Means Committee a quotation from President Hoover, who was extraordinarily active in the collection of figures, and who collected a great many statistics while he was in the Department of Commerce. He gives the weekly wages of weavers in "bread and butter" in the United States as 323, in England as 136, in Germany as 106, and in France as 73—less than one-quarter.

Senator SACKETT. Then you just disagree with his statement as to the cost?

Mr. AMORY. If he had ever run Jacquard looms, he would have found that they were very much more expensive to run than plain looms. The same is true of box looms. You will see it stated that abroad they run four box looms to the weaver. In this country I have heard it is as high as 12, and even more on simple goods, but more commonly it is 8 or 10 on fine goods. Box looms cost three or four times as much in the first place and they cost three or four times as much for all repairs and replacement of parts broken. The speed of box looms in this country is 150 picks per minute, while in England speeds of over 200 are used. This is because our automatic looms are slower than the foreign nonautomatic. On plain cloths many more looms are usually run to the weaver in this country.

Now you say, "Why an extra duty on eight harness?" That happens to be about the dividing line between simple goods and complicated goods. We can not have a different duty on every single thing that is imported.

Now I will try to give you a rapid picture of what we ask.

Senator SIMMONS. The difference between the cost of machinery in this country and abroad is quite considerable, is it not?

Mr. AMORY. Very considerable.

Senator SIMMONS. It is a matter of fact that in the textile business, notwithstanding the duties on machinery, a good part of the machinery used is imported, and at a less price than it would cost in the American markets?

Mr. AMORY. In cotton mills?

Senator SIMMONS. Yes.

Mr. AMORY. I would say a very small proportion of machinery in cotton mills is imported. Some special attachments and special things are imported.

Senator SIMMONS. I had a statement from a gentleman saying that he was importing his machinery and paying the duty upon it, and still got it at a very much less cost than if he had bought similar machinery of American production. I can not tell you exactly now what line of industry he was engaged in, but that was the statement he made. In other words, he said the machinery used by him was very much higher in this country than like machinery produced abroad; so much so that he could pay the duty and they could still sell it to him for a very much less price than he would have had to pay for like machinery produced in this country.

Mr. AMORY. I have no real information on that subject.

Senator SIMMONS. I will get that letter and hand it to the committee.

Mr. AMORY. I will give you a brief picture. The average rate of duty collected on the actual importations of accountable cotton cloths for the year 1927 was 29.15 per cent. If we apply the rates in H. R. 2667 to these same importations, which we have done number by number in great detail, the average duty collected would be 35.05 per cent, which measures the exact increase in H. R. 2667; and if we apply the alternative specific rate for which we have asked, that would not make a difference of but just over 1 per cent more on the total duties collected, or from 35.05 to 36.13.

Senator BINGHAM. Is it not true that the average of foreign wages is about 40 per cent less than that in the United States?

Mr. AMORY. According to the figures gotten out by the Department of Commerce, wages are from two and one-half to four times as much. This shows average foreign wages are much more than 40 per cent less. German wages are a little less than 30 per cent, and French wages less than 25 per cent of American wages. Those figures are in the brief presented to the House. The rate of duty does not measure correctly the rate of protection, because it is obvious that goods coming in pay a duty, but the protection is, if we multiply the tariff on each number by the total pounds of that number made in the United States and divide it by the total pounds of all numbers we will get the actual measure of protection. The average rate of protection provided by H. R. 2667 is 17.41 per cent.

Senator BINGHAM. Just what do you mean by that? Do you get that, Senator?

Senator SIMMONS. I do not.

Mr. AMORY. If all the goods now consumed in the United States were imported, and none were made in the United States, and all paid a duty, they would pay an average duty of 17.41.

Senator SIMMONS. What place in the brief is that?

Mr. AMORY. It is on page 10. That compares with 15.32 under the act of 1922.

Senator SIMMONS. You mean all the things coming in dutiable under the provisions of the act?

Mr. AMORY. All gray cloth. I am speaking only of accountable cotton cloths and yarns. This is based on the pounds production in the United States plus imports.

Senator SACKETT. That compares with 15.32 under the act of 1922?

Mr. AMORY. It would be increased from 15.32 to 17.41. That is, the present act, the act of 1922, protected 15.32, on the average and the H. R. 2667 will protect by 17.41; and our suggested amendment will not change it over a very, very small fraction of 1 per cent. I just mention that as showing that the average rate of protection of the cotton industry is much lower than is commonly supposed.

The other change that we ask for is on clothing and articles of wearing apparel. If cloth is protected up to 47½ and 52 per cent—that is in paragraph 919—it would seem illogical to allow cloth to be manufactured into dresses and shirts and other articles of wearing apparel, and then be brought in at 37½; and so we ask that clothing and articles of wearing apparel of every description, manufactured wholly or in chief value of cotton, and not specially provided for, bear a duty of 45 per cent ad valorem, which is lower than the highest duty on cloth, but is somewhere within the range of where it should adequately protect fine goods. I believe the shirt manufacturers will have some further details in connection with that.

Senator SACKETT. That would protect corsets as well, would it not?

Mr. AMORY. Yes; and it perhaps should be a sliding scale, but we thought it would be almost impossible to apply a sliding scale to articles manufactured. It would mean that a piece of cloth would have to be cut out, and that would ruin the garment.

Senator BINGHAM. Is there much of that being imported?

Mr. AMORY. We are informed that imports are increasing markedly; in men's shirts, principally. The total is shown on the chart. There is not very much else outside of knit goods.

The manufacturers of tire fabrics for sale are very much disturbed that they should have had their protection of 25 per cent removed, and thrown into 904 with the other gray cloths, which will probably reduce their protection from 22 or 25 per cent down to about 17 per cent.

Senator BINGHAM. In what paragraph is that?

Mr. AMORY. It was in the House bill. We have simply added it to paragraph 913. Perhaps that is the wrong place to put it, but we could think of no better place.

Senator SACKETT. You are asking simply that in addition?

Mr. AMORY. Asking simply that the 1922 tariff be restored.

Senator GEORGE. You are asking no increase?

Mr. AMORY. No, sir.

Senator GEORGE. And you are asking that that be restored?

Mr. AMORY. We suggest adding this to paragraph 913, which is duck belting and rolls.

A BYSTANDER. It is paragraph 905; page 173 of the volume.

Senator BINGHAM. Can you tell us just why the House Ways and Means Committee did that?

Mr. AMORY. No, sir; there was no testimony put in on the subject at all in the hearings. It did not appear in the bill.

Senator GEORGE. I did not find anything in the hearings on it. I am wondering if there is anything in the hearings upon it.

Mr. AMORY. Not to my knowledge. There is nothing in the hearings at all.

Senator BINGHAM. Would it satisfy you to have that language restored?

Mr. AMORY. Yes; we would like to have it put wherever it would be most appropriate.

Senator BINGHAM. You suggested that it should be put in paragraph 913.

Mr. AMORY. We simply picked that place because we did not know where to put it.

Senator SACKETT. Are you going to give us any figures to show why it should be restored?

Mr. AMORY. I have no specific personal knowledge of the tire fabric business. Undoubtedly we can produce gentlemen during this hearing who can give you some figures on the subject.

Senator SACKETT. Would you leave it on the basis of the House bill? You say there is no testimony before the Ways and Means Committee.

Mr. AMORY. There was no testimony before the House.

Senator SACKETT. It seems rather difficult to go ahead on that matter without any testimony.

Mr. AMORY. I think there are some tire people here now who can give you some testimony on the subject, but I would rather not do so myself because I have not sufficient information.

Senator BINGHAM. So far as you know, there was nothing in the House hearing to give any reason why it should be taken out?

Mr. AMORY. There was nothing in the House hearing at all to my knowledge.

Senator GEORGE. I fail to find anything in the House hearing on the subject, but this section was taken out and the only applicable section now is the general section, as I understand it.

Mr. AMORY. The only other thing that we have to suggest is with reference to wiping rags. There is reported to be a great deal of growth in imports of cloths below 10's for wiping rags, laundry materials, and so forth. There are a great many million pounds of these rags being imported annually from Japan, whereas practically nothing was imported three or four years ago, and the manufacturers in Georgia, North Carolina, and New England have pleaded bitterly that there be something done.

Senator SIMMONS. Can you give us the American production and the amount of imports?

Mr. AMORY. I can not. I will try to have that information supplied later.

Senator SACKETT. In what section does that come?

Mr. AMORY. That was put into the House bill 1555 of Schedule 15, and it comes in under "Rags." Perhaps it should better come up in that place, but it hits both ends.

Senator BINGHAM. What is it that you propose there?

Mr. AMORY. We propose an increase of the House 2 cents to 4 cents. Japanese rags come in very cheap. They are collected and

sorted from over there in various homes and brought in, sometimes washed and sometimes unwashed. We propose to submit further figures to the subcommittee in charge of Schedule 15. We do not know which paragraph it belongs in.

Senator SACKETT. I think that comes under the other subcommittee.

Mr. AMORY. I mention it as coming under cotton manufacturing.

Senator SACKETT. It is not manufacturing. It is just collecting.

Mr. AMORY. But we also make goods for it in this country, and it interferes with our sales of waste.

Senator SACKETT. Are we comparing manufacturing products here with waste in Japan?

Mr. AMORY. Yes; it affects the sale of our rags from the mills. That will be presented separately.

In speaking about the specific duties I failed to mention the fact the House subcommittee on Ways and Means generalized from the yarn schedule that the specific duties were of no particular use and were not effective. In grey cloth the facts show that more than half the duty is paid on specific duty and less than half on ad valorem.

The previous witness mentioned an item in the brief which we placed before the House of 128 by 86 broadcloth with a conversion cost of 9 cents, and he drew some deductions therefrom. He stated, as I remember, a price of 30 cents and figured the duty therefrom, and it was a pretty large proportion of the conversion cost of 9 cents. One hundred and twenty-eight by eighty-six broadcloth is selling in the American market from 14.5 to 16 cents. So that at 30 cents he is distinctly misinformed. If we take the price of 15.5 cents, assuming that the English market is exactly the same as the American—and we know it can be made cheaper abroad—the duty would be about 3.5 cents; and, as I figure it, 3.5 cents is only 40 per cent of 9 cents. So that the protection applied wholly to the conversion cost is only 40 per cent and not what the previous witness stated.

Senator BINGHAM. Mr. Amory, how many operators are there in your mills?

Mr. AMORY. Four hundred and sixty-eight thousand employed in the cotton mills of the United States according to my recollection.

Senator BINGHAM. Does that cover all cotton mills?

Mr. AMORY. That is supposed to cover all cotton mills.

Senator BINGHAM. Have you any idea how many are dependent on them?

Mr. AMORY. It is customary to use a figure of several times that, three times that. Of course, there is also a tremendous number of people in the garment manufacturing business, in the bleaching business and in the business of manufacturing textile machinery. It would be very difficult to say how many. It is a very large industry. It is the second or third largest industry in the United States.

Senator SIMMONS. What proportion of that aggregate number of laborers are male and what proportion are female?

Mr. AMORY. I should think about 52 or 53 per cent are male and the balance female. I may be a little high with regard to the female. My error would lie there.

Senator BINGHAM. Are your mills running full time now?

Mr. AMORY. No, sir. The mills in the fine-goods districts, in New England, are running about 70 to 75 per cent. They have not

run full time for three or four years, except seasonally for a very short time.

Senator BINGHAM. Is the cotton-cloth industry distinctly worse off now than it was in 1922?

Mr. AMORY. I think without any question the best figures that we could give on the subject would be those contained in the Treasury report for 1926, which gives the profits based on sales of the different groups of commerce and industry in the United States. Those were the last available figures. Those are in my brief before the Ways and Means Committee and show that cotton mills made 1.79 per cent on their sales in 1926, and that was the lowest profit in any group reported, including farmers.

Senator GEORGE. You say including farmers?

Mr. AMORY. According to that report. They could not get the individual farmers.

Senator GEORGE. No; they did not make any returns at all.

Mr. AMORY. But it was interesting that it was given there. 1927 was undoubtedly better. Owing to the misfortune of the farmer having very low-priced cotton in 1927 and a rising price throughout the year, the mills showed a better profit. In 1928, a great many mills lost money. In the fine-goods districts of New Bedford and Providence there are many more mills that have not paid dividends for several years than there are mills now paying dividends.

Senator BINGHAM. Are they going to be able to continue or will they have to close down?

Mr. AMORY. Many of the mills have modern equipment and management, and if some portion of the goods now being imported could be made there it would certainly furnish more employment.

Senator GEORGE. What percentage of the products would the industry import?

Mr. AMORY. On the fine numbers, from 60s up, it is in the neighborhood of 20 to 25 per cent of the total consumption. The figures are given in my brief.

Senator GEORGE. You went into that fully before the Ways and Means Committee?

Mr. AMORY. Yes; and I also repeated those figures in the brief.

Senator GEORGE. You have gone into that, then?

Mr. AMORY. Yes, sir.

Senator GEORGE. Do you show the total exports of this industry?

Mr. AMORY. Not the exports, but the total imports.

Senator GEORGE. I am asking about the exports.

Mr. AMORY. The exports are principally of the medium and coarser goods. They are very small in the fine goods.

Senator GEORGE. Are you able to say what percentage of the entire product of the industry is exported?

Mr. AMORY. About 6½ per cent in one of the recent years, which I think was 1927.

Senator BINGHAM. Are any efforts being made in your industry to secure a reduction in the production, the limiting of the output of the mills and the curtailing of the amount of time during which people may be employed?

Mr. AMORY. There has been a great deal of discussion of the unwisdom of piling up merchandise for which there is no market and thereby destroying the confidence of the buyer and running

into a solid shutdown, but there has been nothing to my mind that has been accomplished along those lines. There has been a great deal of discussion at some meetings, but I have seen nothing effective.

Senator BINGHAM. Do you think there is an overproduction?

Mr. AMORY. If one reads the statistics of the Association of Cotton Textile Merchants of New York, it would show that the accumulation of merchandise in the last year or two indicates an overproduction of not over 4 or 5 per cent.

Senator BINGHAM. If you should run your mills full time and employ all the people that are accustomed to being employed in those mills, it would result in a large overproduction, would it not?

Mr. AMORY. If they only ran one shift daytime, it would result in no overproduction at all. Some of the mills run at night.

Senator SIMMONS. Under the conditions that you have just described of overproduction, why do you run your mills at night?

Mr. AMORY. In the mills of which I have charge we do not pile up merchandise for which we see no immediate use. Some of them seem to do so.

Senator SIMMONS. But you say that they have an overproduction.

Mr. AMORY. Some of them seem to have.

Senator SIMMONS. And those seem to run night and day shifts, in many instances?

Mr. AMORY. Yes.

Senator SIMMONS. Why do they do that? Is there an economic reason for it?

Mr. AMORY. Yes; it is more economical to run your machinery a long number of hours. The expensive automatic machinery we use in this country can really be run to advantage in two shifts as against one shift; so there is some advantage in running at night, but none if you destroy your market thereby.

Senator SACKETT. Is it due to imports or to internal competition that the cotton manufacturing industry is to-day in the doldrums at the present time? I would like to have your opinion on that.

Mr. AMORY. It is unquestionably due in part to both, in my opinion.

Senator SACKETT. If there were no imports, what would be the condition of the industry? What would be the condition of the industry if there were an embargo on imports?

Mr. AMORY. I think without question the fine-goods end of the industry would be greatly improved thereby. There would be little effect on most of the medium and coarse goods.

Senator SACKETT. The fine-goods industry would only affect those mills that were able to make fine goods, and there are comparatively few of those compared to the total number of mills?

Mr. AMORY. There are a great many. It must be remembered that we are talking pounds here, and it takes a great many more machines and operators to make a pound of fine goods than it does a pound of coarse goods.

Senator SACKETT. . . And the balance of the industry suffers from its own internal competition?

Mr. AMORY. It is also influenced by the fact that the fine-goods mills suffering from imports in turn try, in a blundering manner, to make the next coarser line of goods. They step on the hands of the man on the rung of the ladder just below. That has a wave of effect,

but I do not want to say that the effect of internal competition is not very serious.

Senator SACKETT. It is the overproductive capacity of the industry that has its effect; not the amount of overproduction but the overproductive capacity?

Mr. AMORY. I would put that the other way, if I may be so bold as to disagree with you, Senator. I believe, as a matter of opinion, that there is less overproductive capacity in the cotton-textile business than in many other large industries, but the use of that capacity has been less intelligent than in other industries.

Senator BINGHAM. You could increase your productive capacity a good deal if you had the debenture system offered to you, could you not?

Mr. AMORY. If it would work; yes, sir.

Senator SIMMONS. That is a sore subject and we had better not discuss that. You do not export but a very limited quantity of these high grade cloths, do you?

Mr. AMORY. Absolutely an insignificant quantity, and what are exported are exported to the contiguous territory of Canada. Another place where some of the finer goods are exported is Cuba, where we have a preferential duty in our favor.

Senator SIMMONS. But the amount exported is negligible?

Mr. AMORY. Yes, and even on coarse goods a very large proportion is shipped to Cuba where we have a tariff differential in our favor and the Philippines, where we have complete protection also to other nearby markets. If you take our exports outside of that area where we have certain benefits and advantages you will find that our export business is very small.

Senator SACKETT. Do we export any fine goods to England at all?

Mr. AMORY. Not that I know of.

Senator SIMMONS. Or to Europe?

Mr. AMORY. Not that I know of. There have been some fine yarns sold from time to time, sold, according to the manufacturers, at a loss in order to keep running.

Senator SACKETT. Did not the previous witness say something about exporting fine goods to England?

Mr. AMORY. He knows more about it than I do, if there is any such thing, because I do not believe there is. I think he said the general export of fine goods, and that is why I mentioned Cuba.

Senator SIMMONS. Some suggestion has been made to me that the up-to-date mill producing these fine goods was able under present conditions to make a fair profit, and probably a good profit, but there were a great many mills that were using obsolete and antiquated machinery and they were the ones that were suffering, and it was now proposed to impose duties that would protect these mills that are not up to date. I want to hear from you about that suggestion.

Mr. AMORY. The subcommittee of the Ways and Means Committee of the House went to Greenville, S. C., and then came back and went through the fine-goods mills in New Bedford. Their impression was that they were a magnificent lot of mills. I do not know of any better kept up or more modern mills and mills that will compare favorably with any industry than there are in the fine-goods industry in the United States.

Senator SIMMONS. Then, you think there are very few mills in this country that are using obsolete machinery?

Mr. AMORY. Very few of the fine-goods mills, and in general the condition of the machinery is very good in the United States.

Senator SIMMONS. Both for the manufacturer of fine and coarser goods?

Mr. AMORY. As far as such a general statement can be made, yes. I can find you exceptions on both sides.

Senator BINGHAM. Thank you very much, Mr. Amory.

COARSE COTTON CLOTH; RAG RUGS

[Pars. 904 and 921]

STATEMENT OF HON. HATTON LOVEJOY, REPRESENTING THE VALWAY RUG MILLS (INC.), LAGRANGE, GA., AND OTHERS

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

Senator BINGHAM. Whom do you represent?

Mr. LOVEJOY. Our own mills, the Unity Cotton Mills, of Lagrange, Ga.; and I am speaking for the Cannon interests of North Carolina; the Massasoit Manufacturing Co., of Fall River, Mass.; and the Fairfax, Ala., mill operated by Wellington, Sears & Co.

Within the last five years these mills have put in machinery and are making a very low count coarse cloth. It is largely going into what are called whitening cloths. The machinery is adapted only to this class of goods. It is what is called woolen machinery, although it is applied to cotton and cotton manufacturing. We are absolutely dependent upon that class of goods.

Senator SACKETT. In what schedule does that come?

Senator BINGHAM. I think that is in 904-D, page 173.

Mr. LOVEJOY. We are asking for a minimum of 5 cents a pound, because with a graduated scale beginning at almost nothing and the goods which we make being accountable from 0 up to 10, the ad valorem amounts to practically nothing. We asked a minimum of 5 cents which will not disturb any other feature.

Senator SIMMONS. You mean a specific minimum?

Mr. LOVEJOY. A specific minimum of 5 cents.

Senator SIMMONS. That is that the ad valorem rate shall be equivalent to not less than 5 cents?

Mr. LOVEJOY. Yes.

Senator GEORGE. Even before you get to 10 you would have reached that minimum anyway under the present rate?

Mr. LOVEJOY. Exactly.

Senator GEORGE. But the very low number?

Mr. LOVEJOY. Exactly, and this machinery is not adaptable to anything else. We ask this because in Germany and Czechoslovakia they are past masters in doing this and most of them do ship in goods in finished articles.

Senator BINGHAM. How many people are employed in your mill?

Mr. LOVEJOY. At our mill there are about 200 who operate.

Senator BINGHAM. And in these mills that you represent?

Mr. LOVEJOY. I would have to estimate that. I should say 500. I think that is conservative.

Senator SIMMONS. Did I understand you to say that you are representing the Cannon Mills in North Carolina?

Mr. LOVEJOY. They have asked me to speak and request this 5-cent minimum because they have a mill making this specific product.

Senator SIMMONS. Yes; I was under the impression that they themselves employ a very large number of laborers.

Mr. LOVEJOY. That is the reason, Senator, that I am not attempting to give anything except a very conservative number.

Senator SIMMONS. But you said 500 would be the total employed by the mills that you represent.

Mr. LOVEJOY. I do not know how many these other mills employ, Senator, and I am trying to say something that is certainly conservative. In our own mill we employ about 200. This is one line of industry of the great Cannon Mills. It is a new industry which we are trying to build up.

Senator SACKETT. How long have you been making these goods?

Mr. LOVEJOY. Five years.

Senator SACKETT. What has been your experience in financial returns?

Mr. LOVEJOY. We have lost, I should say \$100,000 at our mills.

Senator SACKETT. Has that been consistent during the five years?

Mr. LOVEJOY. We are gradually trying to improve our position and we are trying to increase our production. The first thing which we have is the introduction from Japan of what are called cotton wipers.

Senator BINGHAM. That comes under the sundry schedule.

Mr. LOVEJOY. That is what Mr. Amory has suggested which has now been included at 2 cents under section 1555 and which we are asking to be made 4 cents. I can discuss that now or present it to the sundry committee. We are making a finished product called wiper cloth which is used to wipe automobiles and machinery and such things. From Japan there are coming millions of pounds of cloth, 144 square inches or more, which are being dumped into this market and which has wiped out about a third of the thread waste business of the United States. Our salesmen tell us that if these Japanese wipers continue to come in in millions of pounds they are going to wipe us off the face of the earth. In a statement by the United States Consul at Kobe, published in the Commerce Reports of January of this year, he says that in 1922 there were exported from the Kobe territory a little over 4,000,000 pounds.

Senator SACKETT. To the United States?

Mr. LOVEJOY. To the United States. During the first 10 months of 1928 that had grown to 53,000,000 pounds. Of this 53,000,000 pounds 40 per cent was cotton wipers.

Senator SACKETT. That is just from one port?

Senator BINGHAM. That is the principal port.

Mr. LOVEJOY. That is the principal port from which these wipers come.

Senator SACKETT. You spoke of Czechoslovakia.

Mr. LOVEJOY. They make a cloth similar to our wiping cloth. So far as I know, these rags do not come in. Japan takes old cloths of every kind and those which measure 144 square inches or more they ship into this country as wipers. That growth has increased from 40 per cent of 4,000,000 in 1923 to 20,000,000 pounds of these wiper rags in the first 10 months of 1928.

Senator BINGHAM. Did you not say 50,000,000 pounds a few minutes ago?

Mr. LOVEJOY. Fifty-three million pounds includes all rags. Of this 53,000,000 pounds 40 per cent constitute these wiper rags.

We want, first, 5 cents per pound minimum which protects us against manufactured cloth and the manufactured wiper cloth.

Senator SACKETT. What does that manufactured cloth sell for?

Mr. LOVEJOY. I should say probably 30 cents per pound. I do not state that as an accurate amount. That is giving you an approximate idea.

Senator SACKETT. That is within the realm of probabilities?

Mr. LOVEJOY. Yes, sir.

Senator SACKETT. What do the rags sell for?

Mr. LOVEJOY. From 6 to 10 cents a pound.

Senator SACKETT. And they both compete with your industry?

Mr. LOVEJOY. That is right.

Senator SACKETT. Then, of course, the rags are much more important competition than the others?

Mr. LOVEJOY. With these rags coming in from every source, we get reports from our salesmen that unless something is done about them our industry will be wiped off the face of the earth.

Senator SIMMONS. You are now simply asking this rate on the rags.

Mr. LOVEJOY. I am asking two things; first, a minimum of 5 cents per pound on cotton cloths, which will cover this low-grade cloth we manufacture, and then we will ask here or before the other committee that the duty be 4 cents a pound on these wiper rags which are imported from Japan. At present it is in the sundry schedule. The House made it 2 cents and we are asking for 4 cents.

Senator SIMMONS. You say these come chiefly from one territory in Japan?

Mr. LOVEJOY. The wiper rags; yes, sir.

Senator SIMMONS. That is about the only import into this country, I suppose?

Mr. LOVEJOY. So far as wiper rags are concerned our information is that that is the chief source.

Senator SIMMONS. What is the total domestic consumption of these wiper rags?

Mr. LOVEJOY. In the first 10 months of 1928 there were 20,000,000 pounds of those Japanese rags brought in.

Senator SIMMONS. I understand that. That much comes into the United States. Now, what is the total consumption in the United States?

Mr. LOVEJOY. If there is any consumption other than those which are imported—

Senator SIMMONS. There can not be any other, as I understand it. What I am trying to find out is what the two sums make.

Mr. LOVEJOY. We have grown now to where we make about 2,000,000 pounds a year.

Senator SIMMONS. You make 2,000,000 pounds and 20,000,000 pounds are imported?

Mr. LOVEJOY. We make about 2,000,000 pounds of wiper cloths.

Senator SIMMONS. I understood you to say that 20,000,000 pounds of the 53,000,000 pounds imported were wiper cloths.

Mr. LOVEJOY. Wiper rags.

Senator BINGHAM. They are two different schedules, Senator.

Senator SIMMONS. I understand that. I am trying to find out the total consumption in this country of these wiper rags, and I understood him to say that he produced of the total amount 2,000,000 pounds.

Mr. LOVEJOY. We produce about 2,000,000 pounds of finished wiper cloths.

Senator BINGHAM. Senator Simmons did not ask you about the wiper cloths.

Mr. LOVEJOY. Of the wiper rags the total consumption is that which is imported from Japan.

Senator SIMMONS. Is the total importation from Japan of these wiper rags 20,000,000 pounds?

Mr. LOVEJOY. That is what the consul at Kobe reported.

Senator SIMMONS. And the domestic production of that same product is 2,000,000 pounds, making a total of 22,000,000 pounds?

Mr. LOVEJOY. The domestic production is not the rags but the two put together, making 22,000,000.

Senator SACKETT. These rags, you say, sell at from 6 to 10 cents a pound and the cloth sells at 30 cents a pound?

Mr. LOVEJOY. Something like that.

Senator SACKETT. How would 2 cents a pound additional on the rags affect your industry?

Mr. LOVEJOY. Originally what was used was thread waste. The thread waste and this manufactured cloth compete in the market and yet they have comparatively different fields. These foreign rag wipers coming in have cut down the thread waste people's business and you can see what they will do for our business. Of course, 4 cents is not what would meet our situation on wiper cloths; but, considering the fact that thread waste is largely involved, we can not ask for more than 4 cents.

Senator SACKETT. Do the wiper rags then really compete with your industry when they are selling at 10 cents a pound?

Mr. LOVEJOY. In the first place, we wash our rags, and that gives us a chance to repeat in value, but our salesmen tell us that these rags from Japan will eliminate our business.

Senator SACKETT. That is probably true, but an additional 2 cents a pound on a 10-cent article is not going to preserve your business which is a 30-cent article, is it?

Mr. LOVEJOY. It is not unless we can make a good enough article to wash over and over, which is what we make an article do.

Senator SACKETT. It seems to me that your competition is with this Czechoslovakian cloth and not with these rags.

Mr. LOVEJOY. If the rags can masculate all of this then there will not be anything. We are asking for as little as we can ask for and then we will have to fight it out.

Senator GEORGE. In answer to an inquiry I think you said there were some 200 people in your enterprise and some 500, perhaps, in others. You did not mean 200 people in your mill; you meant 200 people directly employed in this industry—

Mr. LOVEJOY. Manufacturing this identical article. We have 6,000 employees in our mills. We are one of the largest textile organizations in the United States; but I was trying to confine it to this particular product.

Senator SACKETT. This is not your only business?

Mr. LOVEJOY. By no means; no, sir.

I want you gentlemen to look at section 921 and just bring down to date what was said before the Ways and Means Committee, and I call attention to one thing that has taken place since and to the recommendations as to the rates which appear in that bill as reported. I am now speaking for our rug mill. We make that rug [producing a sample]. It is a loop rug. When we make stockings and socks these loops are cut from the ends in the course of manufacture, and they are tied into strands and woven on a hand loom.

Since I was before the Ways and Means Committee our salesman found in Detroit a dealer who had purchased a rug imported from Japan. This rug [indicating] has been sent to Japan and it has been copied. That is what we are up against.

In that section you will find that the rates are 55 per cent on rag rugs, commonly known as hit-or-miss rugs. That is just one particular kind of rag rug coming in from Japan.

Senator GEORGE. What did this rug, which is its imitation of your rug, retail at?

Mr. LOVEJOY. The retailer said he paid 70 cents for it. He paid us about \$1.60 for our rug, and it cost us between \$1.30 and \$1.40 to land it in Detroit where this retailer is located. He said he paid 70 cents for the rug from Japan.

Senator GEORGE. There is of course a difference in the quality of the two rugs?

Mr. LOVEJOY. Yes. They have not equaled our rug.

Simply to bring down to date and supplement what appears in the record of the Ways and Means Committee, the Tariff Commission investigated these rag rugs, and on that basis the President fixed the duty based upon the American valuation for these rag rugs which come in from Japan. It was estimated that the duty should be 117 per cent whereas before they bore 35.

There is quite a lot of difference between the hit-and-miss rag rug and the other rag rugs. In the hit-and-miss they take scraps of rags which they use as they come, without any attempt to sort at all, which of course is the simplest way to make them. If they sort out a color and make a rug of one color, it requires a little more labor. If they attempt to make an arrangement of colors, that demands a selection of colors which causes a little more labor than the hit-or-miss; so that the hit-or-miss is really the simplest of these rag rugs.

In section 921 you will notice that the duty is fixed at 55 per cent on the rug commonly known as the hit-or-miss. The other rag rugs come in at 35 per cent.

As a matter of fact, there is less labor and less work in making the hit-or-miss than in the making of the rest of the rag rugs. I want to submit that to you now.

Senator GEORGE. When did the Tariff Commission make its report?

Mr. LOVEJOY. The report was issued in 1928.

Senator GEORGE. It will be available to us.

Mr. LOVEJOY. It is entitled "Rag Rugs," and was issued by the Tariff Commission in 1928.

Senator GEORGE. Did the commission find the difference in the cost of production here and abroad?

Mr. LOVEJOY. They found it would be necessary, to equalize them, to require a duty of 125 per cent. The effect of the President's order fixing the American valuation was to make the basis 117 per cent. As a matter of fact, the records of imports show that over a million pounds of these same hit-or-miss rugs came in after the President's proclamation for the balance of that year.

All I am taking your time for is to call attention to the fact that you have 55 per cent on the hit-or-miss rugs and 35 per cent on the other rag rugs, when the other rag rugs require a little more trouble than the hit or miss rugs.

Senator SACKETT. As a matter of fact, when the Tariff Commission made its study it studied all these things?

Mr. LOVEJOY. Only rag rugs.

Senator SACKETT. But they studied the hit-or-miss and the others?

Mr. LOVEJOY. Yes.

Senator SACKETT. And when they reported to the President they reported that it was only necessary to raise the duty on the hit-or-miss?

Mr. LOVEJOY. No, sir; I beg your pardon.

Senator SACKETT. Was it not because the hit-or-miss was made very largely by country people, buying the form and drawing their own rags into it, and the Japanese interfered with that home development business?

Mr. LOVEJOY. I will find and read for you what they said it would take to equalize.

Senator SACKETT. I am just asking you whether that was not the reason; that it was a country people's business and they bought the form and put in the filling?

Mr. LOVEJOY. The filling is the rags.

Senator SACKETT. They bought the form from the factories and then the country people put in the colors for the filling?

Mr. LOVEJOY. Some people do that.

Senator SACKETT. And that was the reason, because the Japanese rugs interfered with that business, and the Tariff Commission decided that the duty on that particular kind of rug had to be raised?

Mr. LOVEJOY. I did not get that from what they said, because the rugs are largely manufactured, not made in homes, and the commission got the costs at the American factories, and they found with reference to different rugs. Most of the rugs coming in were these hit-or-miss, which is the easiest style.

But here is what they found would be necessary to equalize the duties. On page 27 of the report entitled "Rag Rugs" paragraph 5 says:

The rates of duty shown by said differences in costs of production in the United States and in said principal competing country necessary to equalize the same, including transportation to New York, are:

Hit-or-miss rugs, 58.1 per cent based upon American selling price.

And they estimated when they did that that it meant a duty of 117 per cent on the foreign.

Other woven rugs, 48.2 per cent based upon the American selling price.
Braided or twist-over rugs, 31.2 per cent based upon American selling price.

You can figure the proportions. You can take those same proportions and you can see that 31.2 per cent, based upon the American selling price for the lowest kind which is stated in here will run it as

much as your 55 per cent, which is now fixed on the hit-or-miss rug; and there is no comparison at all between the 31.2 per cent, the lowest comparison here, based upon American selling price and 35 per cent in the bill based on the foreign selling price.

I want you gentlemen to consider that.

WARP PRINTS AND SURFACE PRINTS

[Par 904 (d)]

STATEMENT OF PHILIP JOHNSON, JEWETT CITY, CONN., REPRESENTING THE NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS

(The witness was duly sworn by Senator Bingham.)

Mr. JOHNSON. Mr. Chairman and gentlemen, I am here with reference to paragraph 904, section (d). It is our proposal that it be worded to read as follows:

In addition to the duties hereinbefore provided in this paragraph, cotton cloth woven with eight or more harnesses, or with Jacquard, Lappet, or swivel attachments, and cotton cloth commonly known as organdie, and cotton cloth which was printed in the warp and afterwards woven with white or colored filling (commonly known as warp print), shall be subject to a duty of 25 per cent ad valorem; and cotton cloth printed by the surface or relief method, as distinguished from the engraved or intaglio method, shall be subject to a duty of 20 per cent ad valorem; and cotton cloth other than the foregoing woven with two or more colors or kinds of filling, shall be subject to a duty of 5 per cent ad valorem.

I am representing the National Association of Finishers of Cotton Fabrics, with particular reference to the items of warp prints or surface prints. The warp prints are fabric which has been previously imported, largely from England and France, and is being made in this country in a comparatively small way.

Our purpose in asking for this protection, which has never been previously provided, is because of the condition of the cotton goods finishing industry. Due to the development of the cotton industry in the South, with the construction of a large number of cloth mills in the South, it has been natural that finishing plants should be developed adjacent to those cloth mills.

A statement which I saw in the New York Journal of Commerce some months ago listed 56 finishing plants south of the Mason and Dixon line. Many of those are of very recent development. The plants in the South are finishing a lot of goods which formerly were finished in the North. The northern finishers have felt this production. They have reduced their price to meet it where they could; but in many lines of goods the low cost of the southern plants with their lower labor costs have enabled them to make prices which the northerners could not meet. This has taken a considerable volume of business away from the northern dyers and printers and, as a result, these plants have been attempting to develop new lines of work to keep their plants occupied and their employes busy.

The warp prints have been made for a comparatively short time in this country. We have been printing them. The warps have been made at a mill called the West Boylston Manufacturing Co., being shipped to us for printing. We have printed them and shipped them back to them to be woven up into the finished product.

Senator BINGHAM. Where is your factory?

Mr. JOHNSON. Jewett City, Conn.

The finished product that we have been able to make and which we could sell has been one product only; that is a bedspread which has been made by combining the two widths of the printed warps into one finished width of fabric producing a 90-inch spread which is wider than any printing capacity.

The reason we have not been able to make the warp prints and sell them successfully in the 36-inch width for upholstery purposes or drapery purposes is because of the competition of the imported product. The cost of these goods has been worked out by the West Boylston Manufacturing Co. They figured that their cost of 36-inch goods was 45½ cents per yard. The cost of 31-inch foreign goods, which is the nearest equivalent, landed, duty paid, is 28.58 cents per yard. On 50-inch goods the differential is not quite so large.

The cost of the domestic goods is figured at 56.38 cents; the cost of the foreign goods, 44.45 cents.

We figured that an additional duty of 50 per cent would about equalize the difference, but we only ask for 25 per cent because we were given to understand that if we asked for too much the case would be apt to be thrown out of court, and we thought that half a loaf was better than no bread.

With reference to the surface prints, that type of material has been made for many years, principally in France and England. That is a product which is produced by the process of printing over a raised surface on wooden rollers. In other words, the average type of cloth printing is printing on an engraved surface on copper rollers. The surface which carries the color of the cloth is cut into the roller and is below the surface of the roller. In prints of this nature the surface which carries the color to the cloth is raised similarly to a rubber stamp. It is an adaptation to machine of the old hand-block printing method. That process produces printings of a quality and texture and color value which are not the same as the copper roller printing. They have an esthetic value which is realized by the decorators and the higher type of department stores and by the more sophisticated consumers.

There are three plants in this country that are capable of making those goods at the present time. I have a record here of the fact that the cost of the foreign goods, landed, duty paid, 30 to 31 inches wide, is 40 cents; the cost of domestic goods, 46½ cents.

In these circumstances we have asked for an additional ad valorem duty of 20 per cent to equalize that difference.

Senator BINGHAM. When you say that the cost of the foreign goods is 40 cents, does that include the present duty?

Mr. JOHNSON. Yes, sir; landed in New York.

Senator BINGHAM. In other words, foreign goods with the present duty are less than your actual cost of production?

Mr. JOHNSON. Yes, sir.

Senator BINGHAM. Without any profit at all?

Mr. JOHNSON. Yes, sir. I must say that our cost of production there includes the market price for what is called the gray goods; that is to say, we do not make those goods directly for our own account. We do the printing for the account of our customers who buy the cloth and send it to us to be printed. In buying the cloth

they must pay market prices for that cloth which nets the cloth mill a profit, providing they can sell it at a profit.

Senator SACKETT. How much of that difference of 6 cents is due to printing and how much is due to the cloth?

Mr. JOHNSON. I think a considerable amount is due to the printing. Senator SACKETT. How much?

Mr. JOHNSON. I presume, most of it. It is very difficult to state exactly.

Senator SACKETT. You can tell what you pay for the gray and what it imports for.

Mr. JOHNSON. The cost of the gray nets us for those materials—they are not expensive gray goods. They are apt to be a fairly heavy quality; but the cost is not so much in the cost of the gray goods as in the merit of the finished product.

Senator SACKETT. What is the proportion of value of the cloth to the value of the printing.

Mr. JOHNSON. I should say that the value of the printing will be greater than the value of the cloth by this method.

Senator SACKETT. You ought to be able to come pretty close to it.

Mr. JOHNSON. I would say, perhaps 150 per cent. If the cloth itself costs 12 cents the printing will very likely cost 18 to 20 cents. This method is very much slower than the ordinary method of printing. It is more analogous to the hand-block work.

Senator SACKETT. This printing is done abroad on the same machinery?

Mr. JOHNSON. On the same machinery.

Senator SACKETT. Wherein does the difference in the cost of printing fall?

Mr. JOHNSON. The principal difference falls in the cost of the labor. The printers in England have a flat rate plus a bonus based on the cost of living. This is adjusted up and down, but they will average about \$28 a week in England. I do not know the figures for the French printers, but I believe that their wages are less than those in England. Our printers will average \$75 to \$80 a week.

Senator SACKETT. Is it the difference in cost or the difference in price of printing that has to be taken into consideration?

Mr. JOHNSON. Both.

Senator SACKETT. Is not the English printing done under a monopolized business?

Mr. JOHNSON. The Calico Printers Association of England has an understanding among its various members that enables them to adjust prices pretty much as they wish, largely because they are empowered by the laws there to combine for such purposes.

Senator SACKETT. We had a good deal of discussion here before this committee to the effect that the price of printing in England and other countries being monopolized in that way is higher than the price of printing in the United States.

Mr. JOHNSON. In this country, because of the large volume of production and large runs per pattern, the cost of printing has been reduced below the cost of printing in England for many similar fabrics; but this particular product that I have reference to is not a large volume product in any one pattern. A large part of its value consists in the exclusiveness of the finished product.

Senator SACKETT. Your amendment, which you have read, applies that 20 and 25 per cent, as I understood it, to all printing in this country?

Mr. JOHNSON. To surface printing.

Senator SACKETT. Read it again, please.

Mr. JOHNSON. The particular portion that has reference to that—

Senator SACKETT. No; read the whole section as you want to revamp it.

Mr. JOHNSON (reading):

In addition to the duties hereinbefore provided in this paragraph, cotton cloth woven with eight or more harnesses, or with Jacquard, lappet, or swivel attachments, and cotton cloth commonly known as organdie, and cotton cloth which was printed in the warp and afterwards woven with white or colored filling (commonly known as warp print), shall be subject to a duty of 25 per cent ad valorem—

Senator SACKETT. Stop there a minute. The present bill says:

* * * cotton cloth woven with eight or more harnesses, or with Jacquard, lappet, or swivel attachments, shall be subject to a duty of 10 per cent ad valorem.

You want to raise that to 25 per cent?

Mr. JOHNSON. I am revising this paragraph to cover the other items which I understand—

Senator SACKETT. No; you are raising the duty to 25 per cent?

Mr. JOHNSON. Yes, sir. The National Association of Finishers of Cotton Fabrics represent finishers of venetians, organdies and other materials.

Senator SACKETT. Does it represent the eight or more harnesses?

Mr. JOHNSON. That would be a venetian; yes.

Senator SACKETT. Does it represent the Jacquard, lappet, or swivel attachment—

Mr. JOHNSON. That part of it I do not know.

Senator SACKETT. Yet you are asking for an increase of duty on that from 10 to 25 per cent.

Mr. JOHNSON. In that entire paragraph as it was previously written.

Senator SACKETT. What reason have you for that?

Mr. JOHNSON. I would be perfectly willing to leave that out of it.

Senator SACKETT. You are not making a fair statement here unless you can show that all of these items that you have listed here are entitled to more duty than the bill provides.

Mr. JOHNSON. I can not show anything with reference to the Jacquard, lappet, or swivel attachment fabrics. The eight or more harnesses—that is the Venetians. My particular concern can not give you any specific information on goods that we are not finished.

Senator SACKETT. You are asking us to put a duty on all of those items that would be 150 per cent higher than the bill provides.

Mr. JOHNSON. I think, perhaps, I mentioned at the start that I was here to speak specifically about the warp prints and the surface prints.

Senator SACKETT. You did; but the way you ask to have the change made covers all the rest of them. The only way I can see that you could get what you want would be to make a separate paragraph as to that surface printing.

Mr. JOHNSON. We would be very glad to do that. We thought for the purposes of simplification that it might all be included in that paragraph.

Senator SACKETT. But we would be giving these fellows 150 per cent more than they asked for.

Senator BINGHAM. Senator Sackett, you will remember that Mr. White showed the necessity for raising it from 10 to 20 per cent.

Senator SACKETT. I know he asked for that, but there were others that did not ask for that.

Senator BINGHAM. He was the only one, I think, that referred to this particular kind of cloth, except Mr. Johnson, who asked for 25 per cent.

Senator SACKETT. The point I wanted to make was that the testimony we have here that all these different things are made by machinery the same at home and abroad, and it was only a matter of labor that could possibly be taken into consideration, and because of the combinations abroad, actually the printing was done in these general lines more cheaply in this country to the manufacturer than it was abroad.

Mr. JOHNSON. May I make one further statement, and that is the fact that you have omitted entirely the cost of dyestuffs. The cost of dyestuffs, particularly the type of dye required on these products, is very considerably higher because of the fact that we can not use many of the dyes which are made in this country. We have to use the imported dyes which carry a high rate of duty. These are rather specialty products, and we have to give the consumer something better than the ordinary cloth. That enters very largely into the matter.

I have here a sample of a surface print cloth with colors in which the color cost alone ran up to 30 cents per yard. We did not make any money on that printing; we lost money, I can assure you. That was the color cost without any item of overhead or profit or anything else. The cost of the dyestuffs where you have to use imported specialty products is a very large factor.

Senator GEORGE. What is the volume of domestic production of the product that you want this increase on?

Mr. JOHNSON. At the present time the domestic production of both these products is comparatively small. I should say that on the warp prints they amount to possibly 300,000 or 400,000 yards a year; on the surface prints, perhaps 250,000 to 300,000 yards a year.

Senator GEORGE. What amount is imported?

Mr. JOHNSON. The imports will run between 750,000 and a million yards a year, as near as we can estimate it.

Senator GEORGE. How many factories are engaged in this kind of work?

Mr. JOHNSON. In the surface printing, three factories that are equipped to make goods by that method; and there are plenty of others that can very easily equip for that if a market could be developed for the domestic product.

Senator GEORGE. You do not do anything but printing?

Mr. JOHNSON. We do also bleaching and dyeing, but it is particularly with reference to the printing of the products that we feel are in the nature of specialty products that we are interested.

Senator GEORGE. Do I understand you to say that you do all the—

Mr. JOHNSON. We are known as finishers. That is to say, our customer, the converter, buys cloth and sends it to us to be printed for his account. We simply do the printing and finishing for him.

Senator GEORGE. What kind of cloth can they use?

Mr. JOHNSON. They can use any kind of cloth. In fact, the fabric is apt to be some plain fabric and of a fairly heavy construction.

Senator GEORGE. Do they use domestic cloth?

Mr. JOHNSON. Yes.

Senator GEORGE. They do not use any imported cloth?

Mr. JOHNSON. It is possible that they might use some imported linens for this purpose, but other than that I think it is entirely domestic.

Senator SACKETT. When you started out you said the finishing business was traveling south very rapidly because of cheaper work?

Mr. JOHNSON. Cheaper labor cost.

Senator SACKETT. What would be the effect of the surface printing traveling south? Would it be also more cheaply done?

Mr. JOHNSON. Yes, sir, it would, but of course the tendency would be for some years to elapse before this type of work would be taken up in the South.

Senator SACKETT. Why?

Mr. JOHNSON. Because the southerner would naturally adapt his plant first to the product for which there is the greatest market, that is, products he finishes in the greatest volume. Furthermore, they have not the type of skilled labor that is accustomed to turning out this grade of work. They can get it. There is no reason why they can not develop it the same as they have developed the production of fine cotton goods in the South. It will come sooner or later.

Senator SACKETT. Suppose you moved your mills South; how would you fare then?

Mr. JOHNSON. We would have a lot of grief at the start. As a matter of fact, sir, I will say that some of the northern finishers have established branches in the South. There is a large bleachery at Biltmore, N. C., in South Carolina, and in other places. We are not large enough as a unit to try to operate two plants, and we are trying to fill in the chinks in our production so that we can keep operating in the North.

Senator BINGHAM. On Saturday Mr. White could not tell us about органдиес. What duty do they pay to-day?

Mr. JOHNSON. I think they have no specific exception; they come in under the general classification of the goods which are finer than the forties, I assume.

Senator BINGHAM. What duty does that take?

Mr. JOHNSON. That I can not state exactly.

Mr. THORON. Average eighties, I think.

Senator BINGHAM. What duty does that take?

Mr. AMORY. In the House bill it would be 43 per cent; sir.

Mr. THORON. Plus 16.

Senator BINGHAM. What they are asking for here is less than the bill gives them?

Mr. JOHNSON. No; that is in addition to the foregoing.

Senator BINGHAM. Will you explain why it is that you need more on organdies than the bill gives you?

Mr. JOHNSON. The finisher needs more protection on organdies for the reason that the finish is a patent finish. The patent is owned by a Swiss concern, and any finishers of organdies in this country are operating under license by those Swiss patentees. It is a very special and expensive finish. It consists of running the fabric through a very strong solution of sulphuric acid and treating it in such way that the character of the fabric is really changed. The cotton fiber is altered, and when it comes out of that process it has the capacity of being laundered without losing a certain springiness or wiriness which, if it was going to be starched, would wash out in the washing process. It is therefore used very largely for women's dresses and for the trimming of women's dresses for summer wear, because it can be laundered innumerable times and come out fresh and attractive after each laundering.

Senator BINGHAM. Is the labor skilled labor?

Mr. JOHNSON. It is the cost of the process that makes it necessary to secure additional protection to the finisher over the cost of the gray goods.

It is also a fact, Senator Bingham, that it is estimated that 16,000,000 yards of organdies were imported into this country last year. Those were largely the Swiss organdies, which for many years have had a very fine name in the trade because of this patented Swiss finish. If this added duty were placed as requested it could not fail to protect the domestic producers of organdies to a certain extent.

Senator BINGHAM. It is not actually a question of labor cost, then?

Mr. JOHNSON. Not so much of labor as cost of the material, as far as I know; but I am not qualified to state that with any degree of accuracy. I am not particularly familiar with the organdie situation.

Senator SACKETT. Do you know the importations of organdie and the domestic production?

Mr. JOHNSON. As I understand it, it was computed that the organdie importation was about 16,000,000 yards a year. The figures are not kept in such a way in the Commerce Reports that that can be definitely itemized.

Senator SACKETT. What is the domestic production?

Mr. JOHNSON. I do not know. I think Mr. Amory could tell that much better than I could.

Senator SACKETT. The reason I asked the question is because one of the graphs produced showed organdie to be a very large import, and I would like to get the amount of domestic production if I can get it. That was the only one on the graph that was shown to be extra large in importation.

Mr. JOHNSON. I doubt if the domestic production will anywhere near equal the imports at the present time, because the finished product known as the Swiss organdie has hitherto had an inherited advantage which the domestic industry is not now in position to counteract.

Senator BINGHAM. Would you be satisfied, then, if we put into paragraph 904 (c), as suggested by Mr. Amory, an additional ad valorem for surface printed of 5 per cent?

Mr. JOHNSON. Every little bit will help, Senator; but it would not offer us any very great assistance in cultivating a larger market in this country.

Senator BINGHAM. Very well. Thank you very much.

Mr. JOHNSON. Thank you, sir.

[Telegram]

FAIRVIEW, N. J., June 18, 1929.

Senator HIRAM BINGHAM,

Chairman Tariff Subcommittee on Textiles:

Actual yardage of organdie finished 1928 as reported to Finishers' Association 15,000,000. Actual yardage 1929, including June 8, 9,000,000. Yardage reported to Finishers' Association represents about 75 per cent of the finishing capacity in this country. These figures are sent at the request of Phillip Johnson.

BELLMAN BROOK BLEACHERY.

VENETIANS AND ORGANDIES

[Par. 904 (d)]

STATEMENT OF ALBERT R. WHITE, NORTH DIGHTON, MASS., REPRESENTING THE NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS

[Including warp prints and surface prints]

Senator GEORGE. Did you appear before the Ways and Means Committee?

Mr. WHITE. Yes, sir.

Senator GEORGE. I see your testimony is at page 5407 of those hearings?

Mr. WHITE. Yes, sir.

The National Association of Finishers of Cotton Fabrics has a membership of 51, and its membership is located from Lewiston, Me., to Georgia.

Senator BINGHAM. You are speaking of paragraph 904, section (d) in the House bill?

Mr. WHITE. Yes. It was under paragraph 906 in the old bill.

The membership of this association is composed of what is known as job finishers and printers, the work of the individual members being that of bleaching, mercerizing, dyeing, printing, and finishing cotton fabrics as well as fabrics composed of partly cotton and partly other material. This covers venetians and organdies. The finisher takes the goods from the gray mill and puts it through the converter and finishes it.

The work is done on a yardage basis. The cloth processed doesn't belong to the plants that finish it, but is the property of the merchant, known in the trade as a coverter, so that the position of the finisher is simply that of furnishing service for the owner of the merchandise.

In 1928 the various member plants employed about 30,000 employees. The cloths that I wanted to call specifically to your attention are what are called venetians.

Senator BINGHAM. This is paragraph 904?

Mr. WHITE. Yes; all cotton cloths, woven with eight or more harnesses, or with Jacquard—

Senator BINGHAM. Is that the section?

Mr. WHITE. That is the section.

Senator BINGHAM. Now we know where we are.

Mr. WHITE. That is the section which has to do with venetians and organdies and warp prints and surface prints.

Senator BINGHAM. Those words do not occur in the bill.

Mr. WHITE. No; the only one that is mentioned in the bill is cotton cloth woven with eight or more harnesses; cloth which is known as venetian.

Senator BINGHAM. Now begin again, so that we will know just what it is you want. Tell us what you want first, and then read it for us.

Mr. WHITE. In the bill of 1922 Congress gave venetians an extra 10 per cent ad valorem in addition to the specific.

Venetian, while classified as a fine-goods cloth, is really made of coarser yarns, usually under 40, so that it does not get the protection that the organdy, made of fine yarns, would naturally get under the bill.

We find that it is impossible for us to compete with the British venetian with a 10 per cent ad valorem. If we had 20 per cent we could do it. Now the English cloth is offered freely in New York at 41 cents a yard, duty paid. It costs 37 cents a yard to weave it in this country. I have an offer here on a job lot at 35 cents, and the manufacturer is losing 2 cents a yard on it.

Senator SIMMONS. Do you mean that it actually costs 35 cents a yard to weave it?

Mr. WHITE. It costs 35 cents a yard to weave it.

Senator SIMMONS. Does not that include the material—the cotton cloth?

Mr. WHITE. I mean, it costs that to turn out the goods.

Senator BINGHAM. That includes the cost of the cotton cloth, then?

Mr. WHITE. Yes; it costs 37 cents a yard to produce this goods, which is made to imitate satin. This is the way that it comes from the gray maker [indicating goods].

Senator BINGHAM. What do you want?

Mr. WHITE. We want 20 per cent extra instead of 10 per cent.

Senator SIMMONS. You want that 10 changed to 20?

Mr. WHITE. Yes.

Senator SACKETT. Are you making it?

Mr. WHITE. Last year we made in this country about 800,000 yards and there was imported over 2,000,000 yards.

Senator SACKETT. How much was it the year before that?

Mr. WHITE. The year before that we made more and there was more imported. The cloth had not been so popular. But it is a standard cloth that will come in and go out in popularity. For instance, it is used for lining overcoats. You get a black overcoat and it is lined with this.

It is also used for upholstery for chairs and other furniture, and it is a serviceable, fine-looking cloth. It happens to be down just now.

Senator SACKETT. How much more does it cost to make the finish of the cloth over the gray goods in this country than it does in the countries abroad?

Mr. WHITE. It is practically about the same. For instance, I am telling you the cost, 37 cents a yard, to-day. That is because the production is so low. If there was a normal production in it, there would be a margin of one-half or three-quarters of a cent to the finisher. To-day he gets no margin whatever, because the production is so low.

Senator SACKETT. It costs you the same amount as to do it abroad, does it not?

Mr. WHITE. It is a little less now; I think a cent less. It used to be the same. I have the figures in my brief.

Senator SACKETT. This refers only to the excess duty?

Mr. WHITE. Yes.

Senator SACKETT. If it costs the same here as abroad to do that excess work, why do you need the protection?

Mr. WHITE. The gray goods are woven, and it does not cost so much to weave the gray goods abroad as it does here.

Senator SACKETT. But that is taken care of by the duty on the gray goods.

Mr. WHITE. I do not think so.

Senator SACKETT. Then is not that the place to tackle it?

Mr. WHITE. The original extra duty on venetians—we talked to the United States Tariff Commission of it as something that was needed to protect the venetian business; and it did, for a short time; but afterwards—

Senator SACKETT. I do not get that. You say the gray goods are manufactured here, and the cost of processing it here and abroad is the same.

Mr. WHITE. It is a cent less abroad.

Senator SACKETT. Well, it is practically the same.

Mr. WHITE. Yes.

Senator SACKETT. And if you made more of the venetians, you said that cost would be the same.

Mr. WHITE. If we did more of it.

Senator SACKETT. Then, why an excess duty on this, when it does not cost any more here than abroad? Why is not the question of duty a question of the gray goods?

Mr. WHITE. Because in this country that process does not bear very heavy duty, and it is the finish that makes the cloth. It is not the gray goods, but the finish. It is the finish that sells the cloth. Now, we have shown that the gray goods manufacturer is not putting this into America at much of any profit. We do not see how he could, and offer these goods at 41 cents a yard, duty paid. As I say, our figures are simply based on cost figures, without a cent of profit in them.

Senator SACKETT. Do you get that, Mr. Chairman, that it does not cost any more in this country than abroad to put this finish on the cloth, and yet they are asking for 20 per cent on that?

Senator BINGHAM. Are the wages of the finishers here the same as abroad?

Mr. WHITE. They are very much higher here.

Senator BINGHAM. How is it that it does not cost more to do the finishing here?

Mr. WHITE. The finishers in England are organized in three combines. There is no Sherman Act there. There is a calico finishers' association, a cloth finishers' association, and the Bradford Dyers' Association. Their method of finishing the goods is for the public to pay for idle machinery. When the business goes down, the price goes up, and when the business goes up the price goes down, and they can absolutely control it. We can not in this country. It is a very profitable thing over there in the finishing business.

Senator BINGHAM. Then when you said that the cost was the same, you meant that the price was the same. That is what confused Senator Sackett. You kept saying that the cost was the same.

Mr. WHITE. What I was trying to get at was the difference in the cost between the way we do it here and the way they do it in England.

Senator SACKETT. Now, is there a difference in the cost?

Mr. WHITE. Yes; their labor is only a little over one-half what it is here.

Senator BINGHAM. Do you mean the labor cost is one-half?

Mr. WHITE. It is a little over one-half. I have the figures here, and these are recent figures, obtained just before the House hearings.

Senator SACKETT. I must say I do not get you yet, even though it is based on the price and not on the cost.

Senator BINGHAM. As I understand, the cost is much greater here than in England, but the price is about the same, because England has the ability to combine and keep the price up; is that correct?

Mr. WHITE. That is correct.

Senator SACKETT. If the price is the same, then why do you need the additional duty? I can say, if they reduce the costs, as they might do—

Senator BINGHAM. You are letting them make a big profit and not letting these people make any profit.

Mr. WHITE. Neither the gray miller nor the finisher makes a cent of profit.

Senator BINGHAM. But you said you do not see how the foreign manufacturer can make any profit.

Mr. WHITE. We do not know that. We know what our own costs are. We know what his labor cost is, but not anything else. We have known that venetians required special protection for years, and we thought that we had enough protection in 1922, but we did not. Perhaps I might say by way of explanation that these mills all pay dividends.

Senator SACKETT. Do you pay dividends?

Mr. WHITE. Some do and some do not. More of us do not than do.

Senator SACKETT. Those that do business get along?

Mr. WHITE. Yes; that is about all you can say about any other branch of the industry than the printers. The printers are doing fairly well, but the plain bleachers and dyers are not making any money.

Senator SACKETT. I would like some clearer statement than that upon it. We will not get anywhere unless you do make it plainer.

Senator BINGHAM. What have you to add to what you presented to the House?

Mr. WHITE. Simply the selling price we put here, which I have not gone into.

As I have shown you, these goods are offered freely in New York at 40 cents, and we assume that they can be made for 36 cents for no profit at all in this country, and it takes 7 cents to finish them, and there is 43 cents, and our cost is 2 cents here, and of course the man that buys them and distributes them to the public has to make something, and 10 per cent has not done it. All these goods come into the country finished. Now it is a 3 per cent working loss to run these goods through the process; you take it up to 200 yards or 300 yards.

There is another thing. Where the importer buys 50 or 60 yards, he gets 50 or 60 yard pieces.

I had thought that the fact that Congress had already recognized that this particular fabric required some protection was established, and as I say, the only trouble was that there was not protection enough. In my discussion with the expert of the Tariff Commission, before the hearings were held in the House committee, he did not commit himself to anything, but he could see the difficulty we were in. After all, you know, when you are competing in cotton goods against imported cloth, it is not a question of what the goods cost; it is a question of what they sell for. That is what you have got to meet.

Senator SIMMONS. You start out with this proposition, that this product can be produced cheaper in Europe than it can be produced here.

Mr. WHITE. Yes; it can.

Senator SIMMONS. Then you say that the price at which it can be sold in this country is less than you can make it and sell it for and make a profit?

Mr. WHITE. It is less than we can sell it for.

Senator SIMMONS. After they pay the tariff?

Mr. WHITE. They have to pay the tariff, and after that their price is less than we can sell it for.

Senator BINGHAM. Therefore you are asking for an increase of 10 per cent ad valorem?

Mr. WHITE. An extra 10 per cent. We have 10 per cent now.

Senator GEORGE. You asked 25 per cent.

Mr. WHITE. We asked for 25 per cent, but on going over the figures with the Tariff Commission, we thought that we did not need 25 per cent but that an extra 10 per cent would do the whole thing, and we asked for a minimum of 20 per cent.

Senator BINGHAM. And they gave you 10 per cent only?

Mr. WHITE. They gave us 10 per cent.

And the association is also interested in organdies. In the matter of organdies, those goods sometimes are woven in England and sometimes—

Senator BINGHAM. Does that come under this same paragraph?

Mr. WHITE. I suppose they would come under this, if anything was granted. The House declined to grant anything.

Now, organdies run from 80 to 110 yarns.

Senator BINGHAM. If they came in this paragraph, what amounts would have to be entered?

Mr. WHITE. One way to revise the paragraph would be to use the following language:

In addition to the duties hereinbefore provided in this paragraph—

Now, I am taking in venetians also—

(Mr. White here read the amendment referred to, which was filed with the committee.)

Senator BINGHAM. What do organdies get now?

Mr. WHITE. Organdies now have no special protection. The figures show that in 1928 something like fifteen or sixteen million yards of organdies came in as against a domestic production of 8,000,000 yards.

Senator BINGHAM. What duties do they have to pay now?

Mr. WHITE. They pay whatever the specific duty is. We have it here. Whatever it is that it would figure out under the act.

(Mr. White submitted the following brief:)

BRIEF OF THE NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS

The National Association of Finishers of Cotton Fabrics has a membership of 51, the various plants being located from Maine to Georgia. The membership is composed of what is known as job finishers and printers, the work of the individual members being that of bleaching, mercerizing, dyeing, printing, and finishing cotton fabrics as well as fabrics composed of partly cotton and partly other material.

The work is done on a yardage basis. The cloth processed doesn't belong to the plants that finish it, but is the property of the merchant known in the trade as a converter, so that the position of the finisher is simply that of furnishing service for the owner of the merchandise.

In 1928 the various member plants employed about 30,000 employees. In 1924 35 members reported the processing of 1,277,000,000 yards of cloth. For the 11 months ending November 30, 1928, 31 members reported processing 949,674,743 yards, that is slightly over 60 per cent of the membership did nearly a billion yards of goods in 11 months. We have no way of knowing what the other 40 per cent did because they didn't report their figures.

A survey was made of the entire finishing industry for the year 1926, and it was estimated that the production of the entire industry for that year was 5,230,000,000 yards, and that the membership of the association processed 3,115,000,000 yards of the total.

It is obvious that the position of the finisher on tariff matters is restricted to the fixing of duties upon imported cloths in the finished state to such a level that the owners of the properties and the employees who operate them may have proper protection against the cheap labor of England and the still cheaper labor of Europe. From every dollar that the finisher receives for his work 35 to 50 cents goes to direct labor, so that it can be readily seen the importance of the schedules to American labor.

Congress recognized the justice of the position of the finisher in the 1922 act by providing for a proper spread between gray or unbleached goods and bleached goods, and a still greater spread between bleached goods and dyed, finished, and fancy woven goods, and to further stimulate the industry in America certain additional duties were provided for, such as an extra 10 per cent on venetians, and an extra 4 per cent on printed goods partly dyed with vat or fast colors. Other extras were also imposed where it was thought that the additional duties would be helpful to American industry.

It can be reasonably expected that with the ever changing of styles in fancy goods and novelties as with the prospect of still finer cotton goods being made in northern and eastern mills and finished in northern and eastern finishing plants that there will from time to time be changes required in the tariff to protect this particular branch of the cotton industry.

The few changes which are specifically enumerated further on in this brief represent a rather large volume of what might be called specialty business, and it is an undisputed fact that the eastern mills are forced into lines heretofore almost untouched because so many staple lines are being made successfully in the

South which heretofore were made in New England. Fall River and Lowell, Mass., are specific examples on this point, and it is hoped that Congress will do its utmost to help the industry in the North by protecting it to the extent that foreign-made goods which can be made here bear such tariff as seems necessary.

VENETIANS

This name is given to a cotton sateen woven with eight harnesses or more. The best known Venetian is the Marquise de Luxe, which is finished in England by the Bradford Dyers Association, and put out under the trade-mark name "Marquise de Luxe." This cloth counts 158 by 64, yarn numbers usually 39 or better, the warp being two ply, it is commonly known as a 378 cloth—that is, there are 378 threads in a square inch of the cloth.

Present prices quoted in New York for the English product finished are from 39 to 41 cents, to which the distributor usually adds 2 cents. The same product can be made in one of a half dozen mills in New England successfully, and the cost to the converter when the goods are finished is about the same as the English cost, namely, 39 to 41 cents; this depends on the shade.

English scale of finishing prices for Venetians: 4½ cents, 6½ cents, 6½ cents, 7 cents.

American scale of finishing prices for Venetians: 6½ cents, 7½ cents, 8½ cents, 9½ cents, and 7 cents; with extras when aniline colors are used, or sulphur colors. (This applies to both the British and American finishers.)

The most available statistics give the importation for 1928 as 2,000,000 square yards.

The English fabric is woven either 32 inches wide or 54 inches; the American fabric is woven 36 or 54 inches.

The total production in 1928 of American Venetians including the low as well as high counts seems to have been less than 800,000 yards.

It is obvious with the scale of wages paid in American finishing plants as against the scale paid by the British plants, as shown on the comparative wage scales attached to this brief; that is, it is impossible to compete with the English product even with an extra 10 per cent which Congress gave in 1922.

Congress established a precedent for an extra duty on this fabric by granting 10 per cent ad valorem extra. Experience has taught us, however, that that wasn't enough as the British goods come in here for less than we can weave and finish them for.

American Venetian, two-ply single, comparable with the Marquise de Luxe, costs 36 cents a yard to produce to-day, plus 7 cents for finishing, making a total of 43 cents, and no profit is allowed either the gray mill or the finishing plant in those figures. It is obvious that both are entitled to some profit before the cloth gets into the hands of the converter, so that if a gross profit of 6 per cent is allowed to both the manufacturer and the finisher that would bring the cost up to a little more than 45½ cents and the English goods are freely offered at 43¼ cents and 45½ cents with four months dating at that.

The present 10 per cent has done absolutely no good. If an extra 10 per cent was added the American product could be sold in place of the English.

The trouble is that while Venetians are classified as fine goods because of the finish and dyeing they are made of coarse yarn usually under 40's, so that very little protection is afforded under the act that passed the House which has helped other fabrics where finer yarns are used.

While formerly the English product was used largely for lining cloths because of its soft lustrous appearance it is now used to a considerable extent in the upholstery trade.

It is reported that one distributor alone in Cleveland, Ohio, sells well up to 2,000,000 yards of this imported fabric.

While Venetians are not used to the same extent as they were formerly used, it is such a serviceable cloth that changing styles may at any time bring it back in the huge volume that formerly existed.

The American cloth is largely made in New England mills; mills elsewhere in this country do not seem to be able to make it successfully, and New England sadly needs all the Venetian business that she can get. There is ample equipment in this country to do the Venetian business.

The American converter has to suffer a 3½ per cent working loss which comes out of his gray yardage in finishing Venetians; whereas the importer gets as many finished yards as he pays for, which is still another item which puts the American converter at a disadvantage.

All Venetians imported by dealers in the United States come in the finished state; none come in unfinished.

The Department of Commerce figures of imports for the year 1928 of eight-harness woven fabrics should not be confused with Venetians, the most important item of the few kinds of fabrics that are woven with eight harnesses.

There was imported about 561,000 square yards of eight-harness fabrics which are not Venetians; attention to this item will be made later on in this brief.

Paragraph 906 should be changed to read as follows:

In addition to the duties upon cotton cloth in paragraph 903, hereinbefore provided in this paragraph, cloth woven with eight or more harnesses shall be subject to a duty of 20 per cent ad valorem.

Cloth woven with Jacquard, lappet or swivel attachment, shall be subject to a duty of 10 per cent ad valorem.

ORGANDIES

This cloth seems to have caused more annoyance to the American finishers than any other single item of imported finished fabrics.

The imported organdie is woven in England, finished with what is known as a permanent finish in Switzerland, and then imported to this country. As will be seen by the attached samples the stiff, firm finish is permanent to washing. The cloth is used somewhat for dress goods, and a great deal of it is used as trimmings on collars and cuffs for dresses made of other material.

It is estimated that at least 16,000,000 square yards of this fabric were imported into America in 1928, while the total production by American finishers would hardly be 8,000,000 yards. The imported cloth seems to be coming in in still greater volume than ever before.

A comparison of the wholesale prices on the imported organdies in the permanent finish and on domestic gray goods in the same finish is as follows:

Imported Swiss organdies				Domestic organdies			
Width	Count	Yarns	Price per yard	Width	Count	Yarns	Price per yard
			<i>Cents</i>				<i>Cents</i>
45 inches.....	88 by 84.....	80/120	28½	40 inches.....	84 by 80.....	90/110	30
45 inches.....	86 by 74.....	80/120	27½	40 inches.....	84 by 80.....	90/110	27
45 inches.....	88 by 84.....	80/120	27½	40 inches.....	84 by 80.....	90/110	27½
45 inches.....	87 by 22.....	80/120	27				

The above prices were obtained from three different sources. The imported fabric is 45 inches wide and the domestic is 40 inches wide, and this is true of nearly all of the imported organdies. Therefore, the actual difference between the 45-inch and the 40-inch cloth is 12½ per cent. This percentage, however, should be figured somewhat higher, as any mill will add a further percentage when weaving 45-inch goods over the actual percentage difference between the two widths. It is also plain that whereas the yarns used in the Swiss goods and American goods average the same, that the Swiss counts are somewhat higher than the American counts.

There are several plants in the United States finishing this fabric successfully; two in a rather large way, and one in a small way. Two of these plants use the identical formula and process that is used in Switzerland. Those two plants operate under a license from the owner of the Swiss patents.

There appears to be ample capacity to take care of all the requirements for this country for that class of fabric, and as the American finish is the equal of the Swiss finish still added protection is needed.

Many of the eastern mills can weave the gray goods just as well as English mills, and many of them sadly need this business. It has been suggested that an extra 10 per cent ad valorem duty over and above the duty that the merchandise now carries would give the American market the preference for this work.

The act should be changed to read as follows:

After the words "ad valorem" in the eighth line of paragraph 906, add "on lawns known as permanent finished organdies, when in the finished state, 10 per cent ad valorem."

PRINTED WARP FABRICS

The printing of warps from the beams is a comparatively modern method of printing in the United States, although it has been done for years back in England. The process is to print the warps, rebeam them, and weave with either a white or colored yarn.

The reason for the increased cost in America over this foreign product is largely due to the much higher cost of printing in the United States than in England or Europe, due to the liberal wages that are paid in America. A glance at the wage scale hereafter mentioned in this brief will be sufficient to convince Congress that if the class of work is to be done to any extent in America it has got to be sufficiently protected.

Exhibits of cloth processed by this method will be found filed with the list of exhibits accompanying this brief.

Exhibit A represents a foreign print warp fabric in 31-inch width that can be purchased at \$0.24 per yard, plus a duty of 19½ per cent, amounting to \$0.0458, making the cost of these goods in the United States \$0.2858 per yard. We figure that our cost of producing a similar fabric with no profit included would amount to \$0.4550 per yard.

Exhibit B represents a foreign print warp fabric in 48-inch width that can be purchased at \$0.37 per yard, plus a duty of 19½ per cent, amounting to \$0.0705, making the cost of these goods in the United States \$0.4405 per yard. We figure that our cost of producing a similar fabric with no profit included would amount to \$0.5638 per yard. The cost of manufacturing print warp fabrics shown by Exhibits A and B compared with the foreign prices, plus the present rate of tariff, illustrates clearly the futility of manufacturing this class of goods in the United States under the present tariff schedule. We are not making fabrics of exactly the same construction as these two exhibits.

We are making a fabric as shown by Exhibit C. This material is made by us in a 36-inch width, and the cost of producing, with no profit included, is \$0.5124 per yard. While Exhibit C is admittedly a slightly better grade of material than Exhibits A and B, the price is an all-important factor, and our sales are affected by the competition we get with the importation of goods similar to Exhibits A and B.

The West Boylston Manufacturing Co. of Easthampton, Mass., joins us in presenting this request, as they have manufactured the goods after we have printed the warps.

It is our request that paragraph 903 of the present act be amended to provide that warp-printed fabrics carry an additional duty of 25 per cent over and above any other duties provided in that paragraph.

The information furnished for printed warp fabrics was accumulated by the Aspinook Co., of Jewett City, Conn., after an exhaustive investigation so that the whole story could be properly told.

SURFACE OR RELIEF PRINTED FABRICS

At considerable expense, equipment has been installed for the so-called surface or relief printing of fabrics. There are three printers of fabrics by this method in this country. This type of material is principally produced in England, France, and Germany.

We perform a service only, printing goods for the account of customers, who send bales of raw cloth, which we bleach, print, and prepare for final consumption. We do not merchandise or import goods, and have not access to comparative costs of production in this country and abroad. We do know, however, that our customers invariably complain of the competition of imported merchandise, which they affirm is the reason that they can not develop this type of work to a greater extent in this country.

The import figures relative to cotton goods are not kept in such a way that we can ascertain the yardage of surface prints coming into the country, but we estimate it at between 500,000 yards and 750,000 yards annually. Based on our own cost of production, we figure 46½ cents per yard for the fabric delivered complete to the large distributor or converter, say, in New York. Our customers have stated that an additional protection of 7 to 10 cents per yard would offer them great encouragement. We believe this is more than justified. We do believe, however, that a tariff additional to that now in effect of 10 per cent if on the American valuation, or 15 per cent on the foreign valuation, would foster the development of this branch of domestic industry, and would not be unreasonable.

We recommend, therefore, that paragraph 903 of the existing tariff act be amended to insert the following before the final "Provided further," etc.:

"Provided, That when cotton cloth is printed by the surface or relief method there shall be paid a duty of 20 per centum ad valorem in addition to the above duties."

Three samples are inclosed—one marked "Imported surface print," and the other two "Domestic surface print."

The last two samples are our own product for which the increased protection is desired.

The information furnished for surface or relief printed fabrics was accumulated by the Aspinook Co., of Jewett City, Conn., after an exhaustive investigation, so that the whole story could be properly told.

WAGE SCALES

Wages in the United States in finishing plants generally have been reduced but once since the peak of 1919, and the average reduction has been about 10 per cent. In Great Britain wages have been reduced 12 to 15 per cent since the high peak.

The American industry, because of the exacting requirements for finishing merchandise, has had to use a higher class of skilled labor than was required 10 or 12 years ago, and it is only reasonable to expect that the wage scale would be correspondingly increased.

In England what is known as common-process labor has what is known as a base wage scale, plus the cost of living wage, which fluctuates up and down as the cost of living changes.

A male operative in England, classified as common-press labor receives about \$12.62 per week for 48 hours, and a female operative over 18 years of age receives about \$7.84 per week. In America wages for this same class of labor for men, including bonuses, will average from \$22 to \$26 per week, depending upon length of service and the type of job. Female labor would receive about \$18 to \$20 per week as against the \$7.84 paid in England.

Employees, such as jig hands, calender men, frame tenders, and pad operatives receive about \$15.58 per week in England for 48 hours, and from \$23 to \$26 per week in this country.

Folders, inspectors, and packing employees in England will run from \$17 to \$20 per week, and in this country they will run from \$28 to \$34 per week.

Cloth printers in this country receive from \$1.35 to \$1.47 per hour, depending upon the number of colors the machine operated can produce. The back tenders receive from 50 to 60 cents per hour with time and one-half for overtime.

In this country the printing industry is also burdened with at least the payment of one-half time wages to the printers and back tenders in the event the plant is shut down, and if those operatives report for work and work an hour they are paid for a full day, and in some plants they are paid for full time when sick.

It is fair to state that under present conditions with considerable overtime that the average American printer will average from \$70 to \$75 per week, month in and month out, while the British printer receives \$22.80 per week for 48 hours.

This high standard of wages in the America industry has attracted intelligent employees, with the result that the quality of employees employed in American finishing plants to-day is excellent.

As between the British and American printers the skill of one is probably equal to the skill of the other.

The figures quoted above are average figures taken from a number of plants and are only typical of the North, as the wages in the South are considerably less, but inasmuch as none of the merchandise discussed in this brief is finished South it is hardly necessary to go into the southern wage scale.

Perhaps the most pointed way to put the labor cost in this country before Congress is to say that from every dollar the finisher takes in from 35 to 50 cents is paid back to direct labor.

It is hoped that Congress will see the justice of the claims made by the finishers and grant the increases asked for if for no other reason than to furnish more steady employment and still maintain a decent living wage for the many thousands employed in the vast finishing industry in this country.

Respectfully submitted,

NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS,
New York, N. Y.

By ALBERT R. WHITE, *Chairman Committee on Tariff.*

SUPPLEMENTAL BRIEF OF THE NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS ON THE SUBJECT OF PROPOSED CHANGES IN THE COTTON PIECE GOODS SCHEDULES IN THE TARIFF ACT OF 1929

The particular paragraph is 906.

So far as paragraphs 903 and 904 are concerned of themselves they are satisfactory. The finishers, however, would like to reword paragraph 906 to take care of venetians, organdies, warp prints, and surface prints. The following wording would help: "In addition to the duties hereinbefore provided in paragraph 904 (a, b, c) cotton cloth woven with eight or more harnesses 20 per cent ad valorem, with Jacquard, lappet, or swivel attachments 10 per cent ad valorem, and cotton cloth other than the foregoing with two or more colors or kinds of filling shall be subject to a duty of 5 per cent ad valorem, lawns in the finished state known as permanent finished organdies 12 per cent ad valorem, cotton cloth which is printed in the warp and afterwards woven in white or colored fillings (commonly known as warp prints) shall be subject to a duty of 25 per cent ad valorem, and cotton cloth printed by the surface or relief method as distinct from the intaglio method 20 per cent ad valorem.

VENETIANS

The cost of domestic venetians 36 inches wide is as follows:	Per yard
Actual cost of gray cloth.....	\$0. 36
Finishers working allowance of 3 per cent.....	. 0108
5 per cent margin of profit for gray mill.....	. 0216
Finishing.....	. 0700
Converters profit per yard.....	. 0200
Total.....	. 4824

Reference is made to dealers memorandum as to imported prices, attached hereto, showing that the goods are offered at 42¼ and 43½ cents, and with the duty paid in this country cost 41 cents. The extra 10 per cent now asked for if figured on the base price would make a total of \$0.4735.

Nothing is allowed for handling charge and incidentals in the figures submitted

ORGANDIES

The schedule as reported by the House gives an additional duty of 13 per cent to the organdie finishers, who originally asked for 25 per cent. Since the hearing on June 14 the representatives of the American organdie finishers' group thought that if an extra 12 per cent ad valorem was given it would clear the situation. Attached hereto is an affidavit from one of the largest importers of organdies in New York City as to what he can land the product in New York for. This affidavit is attached because after the hearings before the House Ways and Means the figures quoted were disputed by the importers.

Assume, for the purpose of argument, that a fair foreign valuation of 16 cents is placed on the goods for the purpose of fixing duties and the difference between 16 and 22½ cents represents the duty as now assessed, the cost price of American organdies 40 inches wide varies from 27 to 30 cents finished. If an extra 12 per cent is added to the foreign organdies, it would mean an additional duty of \$0.0192, which brings the figure very close to the line with the American product and would probably protect the American product.

THE STORY OF WARP PRINTS AND SURFACE PRINTS

The whole story on this is set forth on the brief that is filed before Ways and Means and is in the record, and nothing can be added to what has already been said.

NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS,
New York City.
 By **ALBERT R. WHITE, Chairman Tariff Committee.**

TAPESTRIES

[Par. 908]

STATEMENT OF JAMES C. MUIR, REPRESENTING THE UPHOLSTERY GOODS MANUFACTURERS OF PHILADELPHIA, PA.

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

Senator BINGHAM. You represent the upholstery manufacturers of Philadelphia?

Mr. MUIR. Yes, sir. Mr. Chairman and Senators, the paragraph in which we are interested is paragraph 908. In the bill as it passed the House, this paragraph reads as follows:

Tapestries and other Jacquard-figured upholstery cloths (not including pile fabrics or bed ticking) in the piece or otherwise, wholly or in chief value of cotton or other vegetable fiber, 55 per centum ad valorem.

This rate of duty does not protect the upholstery industry. We ask for an additional duty upon the higher grade fabrics. We request that this be in the form of a specific duty and that there be made by this committee four grades of goods, with differing rates of duty, the different classifications to be determined by the number of picks in the fabric.

Senator GEORGE. Did you present this before the House committee?

Mr. MUIR. It was presented in front of the House committee in another form.

Senator BINGHAM. By you?

Senator GEORGE. By you?

Mr. MUIR. By Mr. Snowden of our committee.

As this committee no doubt knows, the picks are the threads running across the goods and are called the weft. The reason why we ask that the specific duty be based on the number of picks is because of the universally recognized fact that the number of picks denotes directly the labor cost in a fabric, and this labor cost increases with the number of picks.

We ask that this committee give to the upholstery industry a compound duty which will protect both the difference in material and labor cost between the United States and foreign nations. We are content to leave the present duty of 55 per cent ad valorem for the lower grades of fabrics, but ask an additional duty for the higher grades. The duties that we ask are as follows:

For fabrics of 50 picks per inch and under, 55 per cent ad valorem.

For fabrics containing more than 50 picks and not more than 72 picks per inch, 18 cents per square yard and 55 per cent ad valorem.

For fabrics containing more than 72 picks and not more than 96 picks per inch, 36 cents per square yard and 55 per cent ad valorem.

For fabrics containing more than 96 picks per inch, 54 cents per square yard and 55 per cent ad valorem.

Senator BINGHAM. Are you going to tell us just why you mention these specific figures?

Mr. MUIR. Yes, I am.

Senator BINGHAM. Also, will you tell us, before you get through, just how much this increases the present tariff?

Mr. MUIR. I will endeavor to answer that, Senator. Naturally, it would depend on the class of yarns used. You see, the labor is the great cost.

Senator BINGHAM. No; but you provide for a specific duty, and specific duties for a specific object; do you not?

Mr. MUIR. Yes.

Senator BINGHAM. Now, take that object and tell me to-day what duty is paid on that, and then what the increase is that you propose.

Mr. MUIR. Yes.

Senator BINGHAM. In that particular thing.

Mr. MUIR. Yes, sir. As we come to it, you mean, after I get through this?

Senator BINGHAM. Any time you like; but do not forget it.

Mr. MUIR. I think one will explain the other.

Senator BINGHAM. All right.

Mr. MUIR. The disadvantage of a straight ad valorem rate for all of these fabrics is that a rate that would protect the higher grades would overprotect the lower grades. We do not ask for more duty than we absolutely need.

The system of duties that we propose—a specific duty on picks per square yard—is not only simple of computation and easy of administration but contains no element of novelty for customs officials. It is along parallel lines with the duties now in the law on cotton yarns. These yarns have duties arranged according to their fineness, and the fineness is represented by counts of yarns. There are specific duties on these yarns that vary directly with the count. The fixing of duties on picks per square yard on upholstery fabrics is a following out of the same principle and is as easy of administration.

The duty of 55 per cent ad valorem, without any specific rate, is sufficient to protect the lower grades of manufacture. The additional specific duty for which we ask takes into consideration the great variety of fabrics made on which varying large amounts of labor are expended. The basis of our specific duty is the amount of labor put into the cloth. There is such a diversification of fabrics made that the labor cost alone varies from some 30 cents to \$4 per yard on different fabrics. As the wages of the highly skilled labor required in this industry is about four times that of foreign competing countries, it does not seem necessary to argue before this committee as to our need of a duty to take care of this labor cost.

The domestic industry is menaced by a large and increasing foreign competition. Imports of these fabrics have increased from \$1,158,696 in 1923 to more than \$5,000,000 in 1928.

Our industry is in a serious condition as a result of this competition. Only 40 per cent of the Philadelphia upholstery looms have been kept running. The industry can not continue under existing conditions when one-third of the present consumption of upholstery fabrics provided for in this tariff paragraph is being imported from abroad.

Mr. Chairman, I would like to present and leave with you a sample of imported goods showing the prices of same, imported into this country, with duty paid and freight, and also the figuring attached to each one, of the manufacturing costs in this country, in Philadelphia. If I may, I would like to leave these samples with your committee.

Senator BINGHAM. Very well.

Mr. MUIR. I would also like to state, Mr. Chairman, that in regard to this great importation, the Philadelphia mills in the last few years have tried to get business by making something different, novelties.

I would like to draw to your attention that here is a fabric, a novelty, made by the Moss Rose Manufacturing Co., of Philadelphia, in December, 1926, which is a little bit different, and it seemed to take. That was sent to Europe to be copied. It is not the only one. There are lots of such cases. This is copied so that I think that you gentlemen will admit that one could almost be taken for the other [exhibiting samples].

That copy, brought from Europe into this country by an importer, is sold at \$1.75 per yard, less 2 per cent discount, which includes his profit—the foreign profits.

The manufacturing cost of that to the Moss Rose Manufacturing Co. without any selling expense is \$2.31 a yard. If I may, I might ask if I could leave that also with the committee.

Senator BINGHAM. All right.

Senator SIMMONS. In what country of Europe was that copy made?

Mr. MUIR. I could not answer that question. It was made in some foreign country. If you were to ask me, I would say from looking at it that my idea would be that it was made in France. I would not give that as my testimony, but it is my idea.

Senator SIMMONS. I would like to ask you, what is the relative rate in France and in Great Britain in the factories that produce cloths of this type? Have you any information on that subject?

Mr. MUIR. The brief that we filed in front of the Ways and Means Committee had a comparison of wages, from various foreign countries, that we would get from the United States records. The way we, as manufacturers, would figure it up, taking it as a whole, is that the wages in Philadelphia, on the same goods, are four times those in Europe, on the whole; and Belgium would be a little bit cheaper than France, and Italy would be cheaper than either one of them, and so on, and the only thing we could do would be to average it.

Senator SIMMONS. Do you mean to say that the average wage in Europe—now, you are speaking about Europe as a whole?

Mr. MUIR. Yes.

Senator SIMMONS. Is four times what it is in Philadelphia?

Mr. MUIR. In our particular line; on fine grade tapestries. I do not know anything about the wages in other lines; I am simply talking of our lines.

Senator SIMMONS. Are you speaking out of information that you have gathered in connection with the trade, or are you speaking from some statistical figures that you have obtained from one of the departments here?

Mr. MUIR. From what?

Senator SIMMONS. From one of the departments. Are you speaking out of your experience in the trade?

Mr. MUIR. Yes.

Senator SIMMONS. Or are you speaking from statistics that you have obtained here in Washington?

Mr. MUIR. I am speaking as a manufacturer of 36 years, from the knowledge I have gained in getting figures in various ways, the best available. When it comes to wages, the only way we could really

get them would be from statistics right here in the United States Government; but you mean in the matter——

Senator SIMMONS. Of the wage?

Mr. MUIR. Foreign costs and all?

Senator SIMMONS. No; I was not speaking of foreign costs. I was speaking about wages. You said that the average wage abroad was four times what it was here—that is, the wage in Europe.

Mr. MUIR. Senator, I would like to answer you in another way. Information was given to me, and given as authentic, that weavers in our industry in Philadelphia had gone abroad—I believe they worked in Belgium and in France.

In Philadelphia a weaver in our lines naturally is a skilled mechanic, and working full time will make from \$45 to \$60 a week.

Senator SIMMONS. Now, my dear friend, you are averaging the cost of production. That means weavers and all others. Now you are talking about weavers in this country, and comparing that with the average in Europe. That will not do.

Mr. MUIR. You see, the specific protection we are asking for is only to take care of the particular——

Senator SIMMONS. I am not asking you about weavers. There are various rates that you pay these operators?

Mr. MUIR. Yes.

Senator SIMMONS. But we are talking now about your statement as to the average wage in Europe.

Mr. MUIR. In our industry?

Senator SIMMONS. In your industry.

Mr. MUIR. Yes.

Senator SIMMONS. You said that the average was four times what it is here.

Mr. MUIR. Correct, sir.

Senator SIMMONS. When you begin to talk about here, you begin to talk about weavers.

Mr. MUIR. All right; we will take the schedule as it is.

Senator SIMMONS. Take the average cost of all wages, not your weavers only.

Mr. MUIR. To the best of my knowledge they would be four times as great here. That would mean weaving, beaming, twisting, finishing, and winding. That takes in all the labor in our place, except the spinning of cotton yarns and dyeing.

Senator SIMMONS. How do you know the average in Europe?

Mr. MUIR. May I answer you in another way? by a little example or illustration? I would like to answer that in this way. Here is a piece of cloth woven on the same loom, and with the same warp as this other one. Here are the two pieces of cloth. The labor on this cloth [indicating] is 67 cents a yard. The labor cost on this other cloth is \$2.21 a yard. In labor we include weaving, beaming, twisting, and winding. We are not taking the cost of the yarns, because practically all of the upholstery manufacturers buy their yarns. They do not spin. We buy our yarns and consequently we pay a profit.

Senator GEORGE. Where do you buy your yarns that you use?

Mr. MUIR. Principally in the South. Some from the East.

Senator GEORGE. Do you import any?

Mr. MUIR. Not a dollar's worth.

Senator GEORGE. You use domestically made yarns?

Mr. MUIR. Yes.

Senator GEORGE. You do not import them?

Mr. MUIR. No, sir.

Senator GEORGE. Like the last man who was here?

Mr. MUIR. I beg your pardon.

Senator GEORGE. You do not import, like the last man who was here; you do not import your yarns?

Mr. MUIR. I do not know anything about that man. We absolutely do not import our yarns. Speaking for myself, and speaking for the industry, I do not know of any who import yarns for the manufacture of this class of tapestry.

Senator GEORGE. How much have you invested in your industry?

Mr. MUIR. Some \$40,000,000 or \$50,000,000, in this particular part of it.

Senator GEORGE. What do you make besides these tapestries?

Mr. MUIR. Furniture coverings and some upholstery fabrics, as far as draperies.

Senator GEORGE. Do you make blankets?

Mr. MUIR. No, sir; this is all Jacquard upholstery, and upholstery goods in furniture coverings and draperies, outside of pile fabrics and mohair.

Senator GEORGE. What did you say you had invested?

Mr. MUIR. Forty to fifty million dollars.

Senator GEORGE. Forty or fifty millions?

Mr. MUIR. Yes, sir; that is the Philadelphia industry, not myself.

Senator GEORGE. How much in the whole industry?

Mr. MUIR. Forty to fifty million dollars.

Senator GEORGE. What do you say the condition of that industry is at the present?

Mr. MUIR. To-day in Philadelphia we are not running but 40 per cent of our looms, and those 40 per cent, sir, are not running entirely on orders. What I mean by that is, we do sometimes have to run warps out to get other warps in.

Senator GEORGE. You buy all your raw materials just as cheap as any of your competitors on the globe, do you not?

Mr. MUIR. So far as the United States is concerned; not Europe, because it is an actual fact that in Europe they will buy their cotton and pay as much as our spinners get here, but there is a difference in the labor of spinning between Europe and the United States. There is a difference in the dyeing; and, also, you take finishing again; you take it in Europe at the present time; our opinion is—you take it in France—

Senator GEORGE. I know, but let us take it this way, a step at a time.

Mr. MUIR. Yes.

Senator GEORGE. You buy your raw material at the primary stage, equal with your competitors in the world everywhere?

Mr. MUIR. As cheap as our competitors in the United States.

Senator GEORGE. I mean in the primary stage.

Mr. MUIR. But we do not buy any in the primary stage.

Senator GEORGE. I know; but then as soon as it begins to be manufactured, of course there are these step-ups by virtue of the tariff.

Mr. MUIR. Yes.

Senator GEORGE. So that when you come to buy your yarns you are paying a higher price for your yarns than the manufacturer abroad?

Mr. MUIR. Yes. I think we are now. About buying the raw material, I could not answer it, because I do not know what the spinners pay for it, whether they buy it as cheap as the foreign spinners or not.

Senator GEORGE. I know; but cotton is sold all over the world relatively on the same basis.

Mr. MUIR. I was asked this question with reference to labor. I would like to answer the question by telling you what happened around Beauvais. They have what is a sort of ethical combination. Instead of their having 20 or 40 factories running individually, it is an actual fact that they are now running with a sort of family arrangement—what it is I do not know—but they are practically running under one management, subdivided and, for instance, trade cards perhaps are cut at one place; and a factory would not want to sell you the same patterns they would sell another, and in that way it is getting the cost down. But I am simply stating that fact, Senator, as you asked about the wages.

Senator GEORGE. Your per capita of production is no greater in this case than the European per capita production at the same mills?

Mr. MUIR. It is very, very small, because the machinery used in Europe is exactly the same as the machinery used here. It is all Jacquard work. The weaver runs one loom. You take this cloth [indicating], and a mill would not turn out a 50-yard piece of that, or more than that at the most, in a whole week. But in Europe the mills are just like ours; there are no automatic mills making this class of goods; it is all Jacquard, one man to a loom, highly skilled mechanics. The highest skill in weaving is found in the upholstery branch.

Senator GEORGE. As I understand, you have no very great advantage in the per capita production, but you have a great disadvantage in the wage scale?

Mr. MUIR. So much so that it is impossible for us to do business to-day, absolutely. As I say, these samples we would like you to look over.

Senator GEORGE. You want us to understand, of course, that you are speaking particularly for your own articles here—your own special manufacture?

Mr. MUIR. Absolutely; the upholstery manufacturers at Philadelphia.

Senator GEORGE. You would not, of course, say that that general statement is applicable to that whole section of the cotton industry?

Mr. MUIR. I am not so sure that I would not; because of the cheaper grade of goods, 55 per cent ad valorem in my estimation, of the manufacture, is not too much protection, if it is enough, on the lower grade of goods. In other words, that would come in on goods like this [indicating]. There are 12 picks in this; and what do we mean by a pick?

Senator SACKETT. We know what you mean by a pick.

Mr. MUIR. You know what I mean. That is the labor.

Senator SIMMONS. I suppose you have spoken with deliberation about these cost matters, and have probably considered that before,

and your answer is that the average cost here is four times the average cost in Europe, in the construction of the articles you make?

Mr. MUIR. Labor on upholstery fabrics, outside of the spinning and dyeing of the yarns.

Senator SIMMONS. You average it in both cases to reach that conclusion?

Mr. MUIR. That is the only thing we can do.

Senator SIMMONS. What proportion of the general aggregate cost of the products that you are speaking about now, that you want the duty on, does that cover?

Mr. MUIR. What proportion?

Senator SIMMONS. Yes, the cost.

Mr. MUIR. It depends on the number of picks you put in, and the count of the yarns. The truth of the matter is here [indicating]. In this, the material in this cloth costs practically as much as the material in that [indicating other sample], and still the labor is \$2.21 in one case and 67 cents in the other. In other words, Senator, if we put in a cheap, heavy yarn, with very few picks, that material will cost more than the labor.

Senator SIMMONS. Could you not—I do not know that you can, but maybe you can—average the labor cost with the total cost in your factories, and take an average?

Mr. MUIR. We have tried to do that. That is the reason why we ask for these for brackets.

Senator SIMMONS. I thought you had, but I want to get what it is. I want to get what the result of the proposition is as to the average labor cost of the things that you produce in your factories, as compared with the total cost of the products.

Mr. MUIR. About one-fiftieth of 1 cent per pick per square yard. That is the best estimate I could give you.

Senator SIMMONS. That does not mean anything to me.

Mr. MUIR. To answer it in another way, then—

Senator SIMMONS. If you said that it cost \$2, I could understand you. I could understand you if you told me that the labor cost was \$1 or 50 cents.

Senator BINGHAM. May I ask the question a little differently?

Senator SIMMONS. Yes.

Senator BINGHAM. Here is a piece of goods on which the labor cost is 67 cents. What is the total cost of that material?

Mr. MUIR. I think some one here has those figures. May I ask the secretary?

Senator SIMMONS. That is not the fact, Senator, because you are assuming the total cost is a certain amount, and you are only assuming the cost as to labor.

Senator BINGHAM. No; excuse me; here is the specific statement made under oath that the labor on his piece of goods cost 67 cents.

Senator SIMMONS. I did not get that part of your question. You stated a while ago what the total cost was.

Senator BINGHAM. On this piece of goods the labor cost is \$2.21.

Senator SIMMONS. The labor cost is \$2.21?

Senator BINGHAM. The labor cost on this piece of goods is \$2.21, yes; and the labor cost on this other piece of goods is 67 cents, and he has said that the material cost of each was about the same.

Mr. MUIR. May I have permission to answer in this way, that that is exactly what we are contending, that there is no ad valorem

duty that is proper on this class of merchandise on account of the great differential in labor and material. This material here, the labor cost is 67 cents. The material is \$1.61.

In this one here [indicating another sample] the labor cost is \$2.21 and the material cost is \$1.26. The material in this is worth less.

Senator SIMMONS. The labor cost in the latter preponderates, and in the other it does not?

Mr. MUIR. Yes, sir. That is the reason we do think that if you gentlemen will look over these various costs on the matter of picks that there is not any ad valorem duty—now, for instance, if you would give us an ad valorem duty, if it would protect this [indicating goods], it is something terrible on this other [indicating other samples]. It is entirely too much.

Senator SIMMONS. Now, I am not questioning you about the cost; I am just trying to get these facts about the labor.

Mr. MUIR. Yes, sir.

Senator SIMMONS. You say the labor cost and the total production cost here is what?

Senator BINGHAM. The labor cost on this is \$2.21.

Senator SIMMONS. And the total production cost is what?

Mr. MUIR. The material cost is \$1.26.

Senator BINGHAM. Added to \$2.21, that makes a total cost of \$3.47.

Senator SIMMONS. What is your factory price on this?

Mr. MUIR. We do not put these out. We simply wove that to try and bring a concrete example in front of the committee.

Senator SIMMONS. Then you have not manufactured this except for the purpose of experimentation?

Mr. MUIR. No, sir, not experimentation; illustration, sir. We do make goods of that number of picks and yarns.

Senator SIMMONS. I will allow you to illustrate, if you want to, but what I wanted to get at in asking that question is, do you make these extensively, or have you just made a few samples of it for the purpose of testing the process? Have you applied it and put it on the market? Have you tried this product on the market; that is what I want to know.

Mr. MUIR. We make lots of merchandise with that number of picks; but not that particular one, because we wanted that merely as an illustration, and we have not made very much of that.

Senator SIMMONS. Do you think that that, made as an illustration, would be a very valuable ground on which to base a permanent tariff duty?

Mr. MUIR. In this way, to try to impress what labor means in this particular industry. Now, with this protection—

Senator SIMMONS. You have just begun to make this, and probably the expense of making it is very much greater than it will be when you have experimented with it and finally stabilized your process.

Mr. MUIR. I beg your pardon, that is not figured in at all; not one penny. That is not true, sir. That is the cost.

Senator SIMMONS. I am not questioning it that that is the cost. I am not questioning that, but I am making this suggestion. You have stated that you have just made a few of those for the purpose of illustration, as you say. You have not gone extensively into it, and you have not gone far enough with it to see whether you can not economize in the cost of production.

Mr. MUIR. Pardon me, Senator, no; that is not right; because we manufacture fabrics like this [indicating]. We do not make fabrics like this [indicating another sample].

Senator SIMMONS. Now, take the bottom one. You say you do make fabrics like that?

Mr. MUIR. Yes.

Senator SIMMONS. What is your selling price of that goods?

Mr. MUIR. The selling price?

Senator SIMMONS. The selling price, I mean. I do not mean anybody else's profit, but your factory selling price.

Mr. MUIR. I would have to figure the cost in order to answer that, taking so much on selling and discount, and then what we were asking for a profit.

Senator SIMMONS. I would like very much to have you do as you would do in the ordinary course of your business.

Mr. MUIR. I would be glad to.

Senator SIMMONS. Have you determined what the cost is and what you want for a profit? You tell us you know the cost of the production of that. Now, if you had been selling that in the market a sufficient length of time to establish a price, you ought to be able to tell us what your selling price is.

Mr. MUIR. There are a good many fabrics——

Senator SIMMONS. I do not want that.

Mr. MUIR. I know, but you do not quite get me. The various manufacturers have a great many fabrics on this order [indicating sample], but they might not have just exactly the same pile as we do; and you take this piece of goods here, the cost would be \$3.47 a yard to a Philadelphia manufacturer. You ask what we would sell that for; is that correct?

Senator SIMMONS. No; I ask you what you are selling it for.

Senator BINGHAM. He is not selling it.

Mr. MUIR. If we had known that you would ask that, we would have brought down samples of similar products to that, which we are selling, so that we could have answered your question.

Senator SIMMONS. I understood you to say you were selling this [indicating], but the other you were not.

Mr. MUIR. No, sir; we made that as an illustration——

Senator SIMMONS. Which of those are you selling?

Mr. MUIR. Neither one. These were only brought here as illustrations. But if you wanted to get what we would sell that for if we put it out on the market, I am testifying here that the cost is \$2.21 and \$1.26, which makes a total of \$3.47. Now, if that was a running pattern, and we were to put it on the market, were to put it out and try to sell it, if you want an answer I will give you an answer, as to exactly the price we would sell it for.

Senator SIMMONS. You have answered what I wanted. You have answered that you have not yet put this cloth on the market, and yet you are asking a tariff duty upon it.

Mr. MUIR. Oh, I beg your pardon; we have merchandise like that on the market, which we do sell.

Senator SIMMONS. But you bring this for illustration to this committee, an article that you have not put on the market.

Mr. MUIR. Suppose we had brought down for you samples of patterns of goods of the same pattern that we are actually selling on the market.

Senator SIMMONS. I would be very glad if you would bring them, because it may become a rather famous case.

Mr. MUIR. I would be mighty glad, Senator, to send them to the committee if we will be allowed to do so.

Senator SIMMONS. I want to get the facts.

Mr. MUIR. I know you do, and we want to give them to you. I think you understand our position.

Senator SIMMONS. You are asking us to put a tariff upon a product that is slightly different—I do not care how slightly different—which you have not yet put on the market. You state that you have not manufactured a sufficient amount of this product so as to establish a market price on it.

Mr. MUIR. We price our commodities according to the costs of manufacture. The cost of manufacturing such a material includes the labor. It would not make any difference whether it was this particular cloth or any cloth that would cost the same as that, that would go on the market. As I have told you, we do make such cloths and sell them. Our idea here is, after hearing these other manufacturers, hearing all they have done in their lines, to come here and make frank statements and try to show you gentlemen the true facts, and answer any questions that we could answer in a straightforward and honest way, and we really believe that if you would get all these facts and know the costs, and know what they are being imported for and how it is killing our industry, you would see there is not any other help for us, practically none; and we are glad to have the privilege to try and explain this to you.

Senator SIMMONS. I understand all of that, and I have suggested to you that if you have comparable cloths that you could bring down here, cloths that you had already put on the market and tested out and demonstrated the actual cost of, to which you have applied all the economies that you possibly can in their production, that will be all right. But when you bring in here something that you have just experimented on and which is undeveloped, to bring that here and ask us to base a permanent tariff upon it, I think that you are imposing right considerable upon us. Our duty is to the masses as well as to your industry.

Mr. MUIR. I can answer that now and answer it truthfully [indicating another cloth]. This merchandise was made by the Orinoka Mills of Philadelphia, and Mr. Clark is here. Mr. Clark made this for illustration, and Mr. Clark says that this is on the market, and the price is \$4 a yard.

Senator SACKETT. What is the imported price of a similar article?

Mr. MUIR. We could not answer that, unless you would have the sample here, and we know that it is the same pick.

Senator SACKETT. Take one that is the same pick. We can not give you a duty unless we know that fact.

Mr. MUIR. There is one of 132 picks and that has 139 picks. The selling price of the foreign fabric in this country is \$2.73.

Senator SACKETT. And yours is what?

Mr. MUIR. \$4.

Senator SACKETT. That is what per cent?

Mr. MUIR. It is blamed near 100, is it not?

Senator SACKETT. Nearly 100 per cent.

Mr. MUIR. It cost \$3.47 to make this.

Senator SACKETT. I am not talking about the cost. You are selling it for \$4.

Mr. MUIR. Yes.

Senator SACKETT. And the foreign one that compares with it is what?

Mr. MUIR. That is not a fair question. The material might be different.

Senator SACKETT. I am asking you about the article that you are competing with.

Mr. MUIR. That the foreigner sells?

Senator SACKETT. Yes.

Mr. MUIR. You could not answer that unless you had it. I could not answer unless you brought it to me and showed it to me.

Senator SACKETT. Do you not know whether you have competition from abroad on this article?

Mr. MUIR. We make thousands of things—

Senator SACKETT. We are talking about this article, now. I am just trying to get something that you compare it with.

Mr. MUIR. No—

Senator SACKETT. Then why do you need any duty, if there is not any article that competes with it?

Mr. MUIR. There are articles that compete with it.

Senator SACKETT. How much do they cost?

Mr. MUIR. We do not know. I could not tell you unless we could get them and see them.

Senator SACKETT. How much do they sell for?

Mr. MUIR. I can answer you in this way—

Senator SACKETT. Take the labor.

Mr. MUIR. We are not asking a duty on labor.

Senator SACKETT. No; but I am trying to see what your protection ought to be. You have some article that competes with this, that you want protection against, have you not?

Mr. MUIR. That is correct.

Senator SACKETT. What does this sell for?

Senator BINGHAM. Tell us this. From your experience, if this was a foreign-made piece of goods, what do you think it would probably be selling for in the market to-day?

Mr. MUIR. If that was a foreign piece of goods?

Senator BINGHAM. Yes.

Mr. MUIR. Imported, with the duty paid and all, not over \$3.15 a yard. I go on record with that.

Senator BINGHAM. That is what we are trying to get at.

Mr. MUIR. The other question was not there. He asked me what would be the cost.

Senator BINGHAM. What we want to know is what it will cost to make this and lay it down in the American market, and you have now told us, \$3.15 a yard.

Mr. MUIR. At the very, very most; yes.

Senator SACKETT. But you put it out at \$4.

Mr. MUIR. Yes. We do not sell it, though.

Senator SACKETT. If you had a 55 per cent duty on it, what would you sell it at?

Mr. MUIR. \$3.15 is plus the 45 per cent duty and freight.

Senator BINGHAM. That is plus—

Mr. MUIR. That is the cost of \$3.15.

Senator BINGHAM. Yes?

Mr. MUIR. Yes, sir.

Senator BINGHAM. That is including the 45 per cent?

Mr. MUIR. Yes.

Senator SACKETT. That is including the duty?

Mr. MUIR. Yes.

Senator Sackett. That is, in order to get an even break, you would have to have 100 per cent duty?

Mr. MUIR. If you want a frank answer, in order to be properly protected, yes, sir; but that is impossible.

Senator SACKETT. If it is impossible, how are you going to produce?

Mr. MUIR. Our only hope of producing is if we are somewhere near the same price, the furniture manufacturer will buy from us because he can buy pieces of goods, and drug store pieces.

Senator SACKETT. That is all in small piece business?

Mr. MUIR. That is the only thing we can get, if at any time we can sell 25 to 30 cents more than the foreign importer, and we can get the business in no other way.

Senator BINGHAM. On this particular piece of goods we are discussing, what will be the duty, according to the schedule you are asking us to write it in?

Mr. MUIR. As near as I could judge, and that would naturally be supposition, so far as the foreign manufacturer is concerned, it is 55 per cent ad valorem, and that goods would come in under the third bracket with a specific duty, and if you will notice, we asked 75 cents a yard above 96 picks. That, then, would come in under that, at the cost of about \$3.40, and our goods would still cost us more than what that would be imported for.

Senator BINGHAM. That is with the 55 per cent ad valorem and 75 cents a yard?

Mr. MUIR. Absolutely; and as part of that—

Senator BINGHAM. Wait a minute. I may be dull this morning, but I understood you to say a few moments ago that that piece of goods to-day would come in at \$3.15.

Mr. MUIR. That is right.

Senator BINGHAM. Which includes the 45 per cent ad valorem duty?

Mr. MUIR. Yes.

Senator BINGHAM. Now you are asking for 55 per cent ad valorem duty, which would increase this by a few cents, and, say, for just the sake of argument, that it would push it up to \$3.25. Now you are asking also a specific duty of 55 cents a yard?

Mr. MUIR. Yes.

Senator BINGHAM. Does not that bring it up to \$4?

Mr. MUIR. There would be other expenses on there than the \$3.15. I am figuring now the cost of the importer.

Senator BINGHAM. You said it could be laid down in this country to-day at \$3.15.

Mr. MUIR. At the very most.

Senator BINGHAM. In addition to all that cost, you are asking us to put on a 75 cents a yard specific duty?

Mr. MUIR. Yes.

Senator BINGHAM. Then why does not that add to the \$3.15, 75 cents, making it \$3.90?

Mr. MUIR. The first answer was only that that was the limit, \$3.15.

Senator SACKETT. What is the fact, if that is the limit?

Mr. MUIR. I could not give that unless I knew the cost price.

Senator SACKETT. How can we set a duty, if you can not give us the facts?

Senator BINGHAM. As I say, I may be dull, but I can not understand why, if you ask 75 cents of specific duty, it does not increase that foreign cost by 75 cents a yard.

Mr. MUIR. May I illustrate with what we have here with the price and all on it? Could I do that, please?

Senator BINGHAM. Yes.

Mr. MUIR. Perhaps that will answer the question you ask. Here is a tapestry with a 45 per cent duty, 2 per cent discount, that is being sold for \$1.75. I only ask permission to answer, because I think I can answer you. That is \$1.75, with 45 per cent duty and 2 per cent discount, and we will say, make it an even 50 cents, which would make that cost not over 85 cents a yard. Now, the new duty we ask is 55 per cent on the 85 cents. That would be 46 cents.

Senator BINGHAM. What does that bring up the total cost to?

Mr. MUIR. That would bring it up to 85 and 46.

Senator BINGHAM. What does that bring the total to?

Mr. MUIR. Wait a minute. I have not totaled it up, yet. I want to see what bracket this would be in. Here it is. Seventy-two picks.

Senator BINGHAM. Before you add the specific, you have increased the ad valorem from 45 to 55?

Mr. MUIR. Yes.

Senator BINGHAM. What does that alone increase the cost by?

Mr. MUIR. That brings it up to \$1.31.

Senator BINGHAM. What was the duty before?

Mr. MUIR. Before it would be 85 and—

Senator BINGHAM. No; what is the cost to-day? I think you wrote it down there in the beginning.

Mr. MUIR. It would be \$1.24 with 45 per cent duty. With 55 per cent duty it would be \$1.31. It costs us to make, \$2.31. Putting on the present duty of 55 per cent it makes 75 cents a yard, so that it would be up to the \$2.75 bracket.

Senator SACKETT. That would be \$1.55, would it not?

Mr. MUIR. Yes; that is correct.

Senator SACKETT. What is your cost?

Mr. MUIR. \$2.31.

Senator SACKETT. How can you sell at \$2.31 compared with \$1.55?

Mr. MUIR. We can only try.

Senator SACKETT. You are asking for something that is perfectly innocuous.

Mr. MUIR. We have not anything at the present time, and something is better than nothing.

Senator SACKETT. Not if you are going to make a loss. The more you sell the worse off you are.

Mr. MUIR. I beg your pardon, we would not sell at a loss. We must sell at a cost of \$2.31.

Senator BINGHAM. Who is going to buy it if they can buy the same article imported so much cheaper?

Senator SIMMONS. That is what the cloth is offered for in the market in the United States?

Mr. MUIR. This one here [indicating].

Senator SIMMONS. The one you hold?

Mr. MUIR. The importer is selling it for \$1.75 a yard.

Senator SIMMONS. In Philadelphia?

Mr. MUIR. He is selling it for that all over. It is the New York importer who sells it for that.

A BYSTANDER. In New York.

Mr. MUIR. \$1.75.

Senator BINGHAM. Your cost is what?

Mr. MUIR. \$2.31, without any profit.

Senator SACKETT. You had better go out of business.

Mr. MUIR. Pardon me, Senator, that is not fair. We have been going along that way for some time. We ask that—

Senator SIMMONS. What is the importation of that particular cloth?

Mr. MUIR. This one particular pattern [indicating]?

Senator SIMMONS. Yes; the one you are looking at.

Mr. MUIR. It is impossible to answer that.

Senator SIMMONS. You do not know?

Mr. MUIR. No; nobody knows. The way the bill is at the present time, that is a mighty hard thing, to get the gross amount of all kinds.

Senator SIMMONS. The department ought to know?

Mr. MUIR. No, sir.

Senator SIMMONS. Do they not segregate these things?

Mr. MUIR. No, sir.

Senator BINGHAM. As I understand it, that is exactly what you want done in the new bill; you want it so drawn as to make it possible to segregate it in such a way as to differentiate in the labor cost of one piece of goods over another, by using a specific on picks rather than anything else?

Mr. MUIR. Correct, sir.

Senator SIMMONS. I want to proceed with this. You say that is coming in and coming in freely, is it?

Mr. MUIR. Coming in what?

Senator SIMMONS. You say that particular article is coming into this country and coming in freely?

Mr. MUIR. No; I beg your pardon. This was made by the Moss Rose Manufacturing Co., and it took very well with our people, and it was just started—just offered—

Senator SIMMONS. I am talking about the foreign product.

Mr. MUIR. It has just come in, just now.

Senator SIMMONS. How long has it been coming in?

A BYSTANDER. Three weeks; since three weeks ago.

Senator SIMMONS. Since three weeks ago?

Mr. MUIR. Yes; it was just put on the market.

Senator SIMMONS. That is now put on the market by the domestic producer or the foreign producer?

Mr. MUIR. By the importer.

Senator SIMMONS. What is the name of that?

Mr. MUIR. The name of the importer?

Senator SIMMONS. No; the name of that article. What is it designated as?

Mr. MUIR. Tapestry.

Senator SIMMONS. Tapestry. I mean, can we not get a more definite name?

Mr. MUIR. We can not name them; no, sir.

Senator SIMMONS. Can we not get a more specific answer than that?

Mr. MUIR. Cotton tapestry is all we could answer.

Senator SIMMONS. I want to find out from the department how much of that is imported, if we can get it.

Mr. MUIR. We have been trying to do that for years, and we would be delighted if we could get that.

Senator SIMMONS. You say that it has not been coming in for more than three weeks?

Mr. MUIR. Oh, it is just offered for sale.

Senator SIMMONS. What is your annual production of that?

Mr. MUIR. Will you answer that [addressing a bystander]? He wants to know how much of our annual business that is.

Senator SIMMONS. I am not asking what would be the next annual production.

Mr. MUIR. The last, I am saying; that is correct.

A BYSTANDER. That pattern, \$15,000 or \$20,000.

Senator SIMMONS. There is \$15,000 or \$20,000 worth of that pattern produced in this country?

Mr. MUIR. Sold. We do not produce until we sell.

Senator SIMMONS. I thought you manufactured it?

Mr. MUIR. Yes; we do.

Senator SIMMONS. What is your production?

Mr. MUIR. What is that?

Senator SIMMONS. What is the extent of your production of that?

Mr. MUIR. If I could get orders on that—

Senator BINGHAM. No. Senator Simmons wants to know how much you have made of it, and you answered \$15,000 or \$20,000.

Mr. MUIR. No; Moss Rose sold that much of it. We do not sell in bulk. That is out of the question. It can not be done. We are satisfied to get orders for one piece of that, and then we make it.

Senator SIMMONS. Then I understand, summing up your testimony, that you did sell about \$20,000 a year of that, and about three weeks ago foreigners began to bring into this country, in competition with that, this article you speak of?

Mr. MUIR. The New York importers brought it in.

Senator SIMMONS. Well, the New York importers. The same pattern was brought in about three weeks ago?

Mr. MUIR. Yes; that means that this here will not be sold any more. That is happening to all our goods. That is the unfortunate part of it.

Senator GEORGE. Is it the same material?

Mr. MUIR. Practically the same material.

Senator BINGHAM. They have copied your pattern. In other words, as long as you had the advantage of the brains and the artistic talent you put into it, you made a unique and new-style article, and you were able to sell it?

Mr. MUIR. Yes, sir.

Senator BINGHAM. And then as soon as the foreigners found out that it was in demand, they proceeded to make it, and they are now beginning to sell it at a rate which is away below your cost, and they will put you out of business on that particular article?

Mr. MUIR. Pardon me; not the foreigner, but the importer who has taken it over there and has had it made.

Senator BINGHAM. Oh, well, it is the same thing.

Mr. MUIR. That is happening to everything we manufacture.

Senator SIMMONS. Every time you design anything you have the same thing happen?

Mr. MUIR. No; pardon me; design has nothing to do with it. If we had a duty such that that could be brought up to somewhere near where that importer could get it, it does not make any difference about design. We make hundreds of designs. We only figure the cost of the material and the labor, and labor is the greatest thing in our industry, and we can not compete with Europe in labor. That is the whole matter. I do not care about the design. I am only bringing you this to show you that when we do get out something, that is our only hope of getting a little business.

Senator SIMMONS. That is the reason I was so anxious to get as well as we could the cost of labor on these various samples, so as to compare the cost of labor with respect to the total cost of these various samples you have been handing in here.

Mr. MUIR. Senator, I would give anything if I could have the privilege of taking about two weeks of your time in going over it, and I could give it to you exactly; but you can not get the labor items in the materials you put it in. That is the reason I brought these illustrations. I know exactly what you want to know, and what you want to get at, and, as I say, the only way in which you could get all that knowledge would be to sit down and let me give you various patterns, and give you the figures, and show them to you; and, as I say, I would give a great deal if I could have that privilege of doing it with you.

Senator SIMMONS. Taking the whole industry in your various plants, could you not tell me what the costs are as compared with the total cost—the average labor cost compared with the total cost?

Mr. MUIR. Excuse me, Senator; I did not get your question.

Senator SIMMONS. I asked you if you could not tell me what was the labor cost in your various plants as compared with the total cost of the things you produce in your factories, grouping them all together; the average labor cost of the total product of your factories as compared with the total cost.

Mr. MUIR. Yes, sir; going over it in America, taking it as an average, the labor represents 50 cents, material 40 cents, and overhead 10 cents. That makes 100 per cent.

The figures we have gained as to Europe show that labor represents there 12½ cents, material 30 cents, overhead 7½ cents.

Senator SIMMONS. That is a very important thing.

Mr. MUIR. Is that answering your question?

Senator SIMMONS. Labor here, you say, represents 50 per cent?

Mr. MUIR. That is, it will go from 30 to 78 per cent, the average being 50 per cent.

Senator GEORGE. That is only in textile lines—just your lines?

Mr. MUIR. Upholstery lines; not pile fabrics or mohair, but just in upholstery.

Senator BINGHAM. We are only discussing paragraph 908.

Senator GEORGE. I know that is all he is discussing, but he makes a very general statement.

Mr. MUIR. How do you mean?

Senator GEORGE. You are making a general statement about comparative labor costs, but you mean to say that is the labor cost of your own lines? I do not know whether you are speaking of the whole industry, or of this particular branch.

Mr. MUIR. Only of our upholstery lines. We are speaking for our own industry and not any other branch.

Senator GEORGE. I just wanted to get that clear.

Senator SIMMONS. The question I asked was, taking the whole output of his factory or factories, not just this one particular thing but the whole output of the factories, what was the relation of the labor cost to the total cost?

Mr. MUIR. Fifty per cent labor.

Senator SIMMONS. That applies to everything?

Mr. MUIR. In our industry, yes. That is the average.

If I am not mistaken, Senator Sackett, you said that you did not know whether any of this higher pickage was coming in.

Senator SACKETT. I was going to ask you a definite question. You are asking four rates of duty?

Mr. MUIR. Yes.

Senator SACKETT. What are the imports on each of these rates, compared with the total production, in this country?

Mr. MUIR. You see, according to the way the statistics are kept, it is mighty hard to get that, because they are not segregated at all, and the only way we could take it is from trying to sell our merchandise and bucking up against stuff coming in; and taking it that way, the great volume that is coming in is the higher pickage, in our industry.

Senator SACKETT. What is the volume that is coming in compared to your domestic production?

Mr. MUIR. Compared to our domestic production?

Senator SACKETT. Yes.

Mr. MUIR. In 1928 it was \$5,000,000 worth of upholstery goods came in, as a whole. I could not answer how much of that was higher grades, but my idea would be it would be 70 per cent.

Senator SACKETT. Unless you have those figures, how do you know—

Mr. MUIR. You can not get them.

Senator SACKETT. How do you know what rate of duty you need?

Mr. MUIR. Only from what the goods cost to bring into this country, and from what it costs us to make them; that is the only way. We know that there are goods coming in at \$1.75, and they cost us \$2.31, and we know we need a duty, do we not?

Senator SACKETT. That is what I am trying to find out, how much of goods of that type is coming in compared with the domestic production.

Mr. MUIR. I could not answer that. Nobody could. You can not get those figures. The Senators know that as well as I do.

Senator BINGHAM. Under the tariff bill under which we are now operating, so written without paragraph 909, the Treasury Department is not keeping a record of that, is not required to look into the differences in different kinds of tapestries, the different numbers of picks, and therefore their totals merely show all types of tapestries?

Mr. MUIR. That is correct.

Senator BINGHAM. So that there is no way of finding out, and the only thing on which you base your request is the fact that when you attempt to sell these higher numbers, whatever you call it—picks?

Mr. MUIR. Picks.

Senator BINGHAM. In the market, you find that the foreign cloth is offered at very much less than you can make it for?

Mr. MUIR. And it practically stops us from selling.

Senator BINGHAM. And that is all you can know about it?

Mr. MUIR. Yes; that is on the better cloth. It is the cloth that takes labor, and labor counts; and we can handle it so far as our industry is concerned. The tariff we ask and should have would be a tariff on labor. That is our whole thing; that is what we are contending. But I can not answer your question.

Senator BINGHAM. All right; we are very much obliged to you.

STATEMENT OF JOHN J. HARKANSON, REPRESENTING THE UPHOLSTERY WEAVERS AND WORKERS UNION, PHILADELPHIA, PA.

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

Senator BINGHAM. Mr. Harkanson, you are interested in this very same matter?

Mr. HARKANSON. Yes, sir; the very same matter.

Senator BINGHAM. How long a time will you need?

Mr. HARKANSON. About 10 minutes.

Senator GEORGE. Before you begin, let me ask: You did not testify before the Ways and Means Committee?

Mr. HARKANSON. I did not, but another member of our committee did.

This is paragraph 908 of the new law or 909 of the old law.

Mr. Chairman and gentlemen, January 30 of this year a committee selected by the workers employed in the manufacture of drapery and upholstery fabrics appeared before the hearings of the House Ways and Means Committee. The object of this action, which was voluntary on the part of the workers, was to impress the Members of Congress with the vast unemployment existing in this American industry, and to urge that body to give their utmost consideration to the request of our employers for an adequate increase of duty on this class of goods.

Of course, those figures are taken care of in the briefs presented before the Ways and Means Committee.

Gentlemen, we have no desire to criticize the members of Congress who prepared the proposed tariff bill, because we fully realize the enormous amount of work they had to accomplish in the very short time allotted to them. Nevertheless, we believe that the proposed increase of 10 per cent ad valorem over the present rate of duty on drapery and upholstery fabrics would not compensate for the vast difference in the cost of production between American and foreign industries.

In order to acquaint the Ways and Means Committee with the conditions in this industry we presented a brief which showed in part that in 25 Philadelphia plants containing 2,390 looms only 967 were in operation at that time. For your information we have more recent data; in February of this year there were 850 looms producing and only 764 operating at the present time.

Those last figures we got only last week.

Senator BINGHAM. How many were in operation four or five years ago?

Mr. HARKANSON. I would say, over 1,500.

Senator BINGHAM. So that the workers in your line of work are steadily losing their jobs, and unemployment is increasing?

Mr. HARKANSON. Yes, sir.

Senator BINGHAM. Due to foreign competition?

Mr. HARKANSON. Yes, sir.

Senator BINGHAM. Therefore, under the words of President Hoover's message, which asks us to take up that kind of thing, you have come to ask us to do something to stop that growth of unemployment?

Mr. HARKANSON. Very true, Mr. Chairman.

Senator BINGHAM. Please go ahead.

Mr. HARKANSON. During the past week we received a report on unemployment, showing that 31 per cent of Philadelphia workers in all industries were idle during the first four months of 1928 as compared with 17 per cent for the same period of this year. While there has been a decrease of unemployment among the workers of Philadelphia, the aforementioned statement proves that our industry has been shouldering much of the burden of this heart-rending situation.

I mentioned the fact that only 674 weavers at the present time are employed.

Senator BINGHAM. In other words, the men that have learned your trade are losing their jobs while there is steadily an increase of employment in other lines?

Mr. HARKANSON. Yes, sir. I would like to state that it is almost impossible for them to procure other jobs on account of workers in other industries being idle as well.

The plants of Philadelphia and vicinity manufacture the better grades of drapery and upholstery fabrics, being distinctive in coloring and design. They are classed as luxuries and it is this class of goods that are imported from France, Belgium, and Italy, in direct competition with the products of our industry.

Statistics of the United States Department of Commerce and Industry show that with the adoption of the last three tariff laws, including the present Fordney-McCumber Act, that imports of upholstery and drapery fabrics have steadily increased with the possible exception of about two years during the World War, when European

industries were practically at a standstill. This, in our opinion, proves that the dues on these goods have not been treated justly in the past and also shows that the proposed tariff bill carries no decided advantage over the present rates that would give opportunity for employment to the workers of this industry.

Now, Mr. Chairman and gentlemen, in closing, in behalf of the membership of the organization that I represent, I appreciate the courtesies extended by the committee, and trust that with the completion of your duties this American industry will be given proper consideration.

Senator BINGHAM. I would like to ask whether you have seen this proposed change in paragraph 908 using the word "picks" for three or four different classes of goods. Have you?

Mr. HARKANSON. Yes, sir.

Senator BINGHAM. Do you think that is the proper way to levy a tariff?

Mr. HARKANSON. I really do believe so, Mr. Chairman, because it stands to reason—I have been a weaver myself and I can point out very clearly that in producing a piece of cloth with 36 picks in it, it would take a weaver from 13 to 15 minutes to produce a yard, and that is if he had no breakdowns at all. To produce a piece of cloth containing 72 picks would just consume twice as much time.

Senator BINGHAM. How long would it take if the cloth had 138 picks?

Mr. HARKANSON. I would judge, about from 15 minutes to an hour; possibly a little longer. The time varies. But you will find that a piece of cloth with a greater number of picks in it has finer yarn in the web. Naturally the shuttle will last much longer and does not require attention to change the shuttle so often as it would in a lighter pick job where the filling is much heavier.

Senator BINGHAM. The way the law reads now it covers tapestries, woven blankets, and so forth, all at 45 per cent ad valorem. Under the law as proposed it is 55 per cent. Under that general heading, as you know it as being a weaver, how great a difference is there in the amount of labor which must go into a tapestry with very few picks as compared with a tapestry with the maximum number of picks?

Mr. HARKANSON. That same reply would answer, Mr. Chairman, the fact that we take the yarn as it comes into our shop. Our winders first wind the yarn before they cut it; that is, the woof yarns. The heavy yarns will fill up much quicker than the lighter grade yarns.

Just about two weeks ago I was on a job where I was using 230-ply yarn. We use what we term a butt, a small wooden thing that the yarn is wound on. One butt of that yarn would last from 9 to 10 minutes, close to 10 minutes. Therefore it took the winder—this information came to me from the department through the forelady—it took the winder just 25 minutes to wind one cop of that yarn.

It is natural that if that same winder had 10 spindles running on that one grade of yarn, she is really keeping that frame from producing or winding for other materials, whereas with the lighter-grade yarns possibly the same winder could have all her machines running, I would say, possibly four or five different colors of yarn, and she could be taking care of four or five weavers at the same time; and in my particular case she was only taking care of one or two.

Senator BINGHAM. Do you think that the schedule as presented to us represents fairly the difference in the amount of time that your weaver must use in producing cloth with a different number of picks?

Mr. HARKANSON. Yes, I do.

Senator SACKETT. Does it not take a foreign weaver about the same amount of time to produce it?

Mr. HARKANSON. The same amount of time; yes, sir. But, I believe, from the statistics furnished by the United States Department of Commerce and Industry, the weavers in France, Belgium, and Italy are just given a regular day rate. On our brief to the Ways and Means Committee the facts from the Department of Commerce and Industry showed that in France weavers were receiving about 85 cents per day, while in our industry we average about \$7 per day or over.

Senator SIMMONS. You say that unemployment in the factories engaged in the production of these products that you are talking about has increased?

Mr. HARKANSON. Unemployment has increased; yes, sir.

Senator SIMMONS. And you attribute that to the importation of foreign goods taking the place of these?

Mr. HARKANSON. Yes, sir.

Senator SIMMONS. During the time of this increase in unemployment has there been any reduction in the total consumption of these products in America?

Mr. HARKANSON. That is a very hard question for the average citizen to answer, but I would like to state, Senator, that it appears to us as though, if there has been any decrease, it has been very slight, due to the fact that the imports, according to the records of the Department of Commerce and Industry, show that the imports have increased steadily.

Senator SIMMONS. You are not able to answer definitely whether there has been any increase or decrease in domestic consumption of these products?

Mr. HARKANSON. No, sir; I could not say, Senator, outside of the fact that it appears as though, if there has been a decrease, it has been very slight.

Senator SIMMONS. You say the department has data upon this subject. What are the figures of the department with reference to importations of this product in the period in which the unemployment has occurred?

Mr. HARKANSON. In 1923 the department showed imports of slightly over \$1,000,000.

Senator SIMMONS. What do the department's figures show as to domestic consumption?

Mr. HARKANSON. That I did not look up, to tell you the truth.

Senator SIMMONS. Do you not think that that is very important?

Mr. HARKANSON. But I did pay particular attention to the fact that each and every succeeding year from 1923 to 1927 the figures show an increase of approximately \$1,000,000 each year. We are now a total of 400 per cent during the course of that time.

Senator BINGHAM. In other words, the imports are steadily increasing about a million dollars' worth a year, while American weavers are steadily losing their jobs?

Mr. HARKANSON. Yes, sir.

Senator SIMMONS. I was not through.

Senator BINGHAM. I am sorry, Senator.

Senator SIMMONS. Could you present to the committee as a part of your remarks the domestic consumption during this period of the increased unemployment, the domestic consumption, and the foreign importations?

Mr. HARKANSON. Senator, don't you think—

Senator SIMMONS. I do not want to argue it with you; I just want to ask if you could not get us those figures. I think they are very important. It may be that there has been a large domestic increased consumption. I do not know why the figures would not show that. Prosperity, we are told, has been reigning during this time. The American people are consuming more, every year, of articles of this character. I think it is very important that we should know those facts. It may be there has been some increase in the importation. That would not signify so much if there has been stagnation in consumption. But if consumption has been increasing more rapidly than the importations, that is a very important factor in this problem, is it not?

Mr. HARKANSON. Yes, sir; it is.

Senator SIMMONS. Can you not furnish that information?

Mr. HARKANSON. I would have to ask, Senator, if the Department of Commerce and Industry would show those figures of consumption.

Senator SIMMONS. In other words, whether this decrease in employment is entirely the result of this consumption or an increase in the importations.

Mr. HARKANSON. I do not know whether you are in position to answer or not, but would the figures of the Department of Commerce show the amount of American consumption of this class of goods?

Senator SIMMONS. I do not know whether they would or not.

Senator BINGHAM. I am told by the expert of the Tariff Commission that it is impossible to get figures on domestic consumption.

Senator SIMMONS. I should think some of the departments might have them. I would suppose that the gentlemen engaged in this business would look it up.

Senator GEORGE. I read from a paragraph of the Summary of Tariff Information furnished by the Tariff Commission in 1929. With reference to this particular item of tapestries it is stated that the domestic production of cotton tapestries in 1919 amounted, in round numbers, to 9,625,000 pounds. In 1921, the domestic production dropped to 5,892,000 pounds. In 1923, however, it went back to 9,841,000 pounds. The last year given here is 1925, in which there were 8,971,000 pounds, approximately 9,000,000 pounds.

Senator SIMMONS. That is for 1925?

Senator GEORGE. Yes; the last year given.

Now as to imports: For the year 1923 the imports are given as 699,000 pounds, in round numbers; in 1924, 1,206,000 pounds; in 1925, 1,937,000 pounds.

Thereafter the poundage is not given, but the values; and the value in 1926 is \$4,342,000; in 1927, \$5,483,000, and in 1928, \$5,008,000, a drop from the previous year.

So that according to this information there has been a slight decrease between the year 1919, for instance, and the year 1925 in

domestic production, but not a marked decrease; and there has been an increase in imports from the year 1923 up to the present time.

Now, what I want to ask you is this: What is the wage level in this particular industry as compared with other wage levels in this country in comparable enterprises?

Mr. HARKANSON. As I pointed out before, the figures presented in our brief show that in France weavers average 85 cents per day—

Senator GEORGE. I am not asking you about France; I am asking about Philadelphia. What is the average wage of weavers engaged in this particular business?

Mr. HARKANSON. About \$7 per day.

Senator GEORGE. How does that compare with the wage level of relatively skilled laborers in other enterprises, other lines of industry, in Philadelphia?

Mr. HARKANSON. I would say it was practically about the same thing.

Senator BINGHAM. What do carpenters get in Philadelphia?

Mr. HARKANSON. A much larger scale than we have.

Senator GEORGE. I am asking about industry now.

Mr. HARKANSON. I believe their rates are from 90 cents to \$1.

Senator GEORGE. Per hour?

Mr. HARKANSON. Yes. Bricklayers are paid, I should judge, \$1.12 to \$1.14 per hour.

Senator GEORGE. They have not the same assurance that they are going to work steadily all the time. I am speaking about men engaged in industry. As I understand you, you say that labor in this industry has a comparable wage level with that of men of like skill or comparative skill in other industries in your city.

Mr. HARKANSON. I can point to one textile industry that is paid a much higher scale, and that is the full-fashioned hosiery knitters. I believe among textile workers that the upholstery trade ranks second.

Senator GEORGE. But you have a relatively high wage scale in your industry?

Mr. HARKANSON. I would not claim it was relatively high. I would say on cotton goods the weavers average about \$25 to \$30 per week, where we average from \$40 to \$45 or \$50 per week.

Senator GEORGE. Would you mind answering this? Going outside of the textile industry altogether, but in other industries where relatively the same skill is required as of men doing the work in your industry, is the wage scale somewhat equal?

Mr. HARKANSON. I would say it was about on a level.

Senator GEORGE. As I understand, in this particular industry there is no great per capita production here over the per capita production abroad?

Mr. HARKANSON. I imagine it is not so large; no, I do not believe it is. Of course that takes in all our auxiliary help as well as weavers. A person just dealing with the figures along the weaving line—of course, being a weaver that is the part that I am deeply interested in, and it proves, I believe, to the committee that we weavers being affected with unemployment, it is only natural that the other workers are affected as well.

Senator GEORGE. Some lack of employment exists in other industries in your market?

Mr. HARKANSON. Yes; but at the present time I can safely say, not as great as it affects our industry.

Senator GEORGE. Not so great as yours?

Mr. HARKANSON. No, sir.

Senator GEORGE. Outside of the textile industry entirely there is some unemployment?

Mr. HARKANSON. Oh, yes. It stands to reason that if 50 per cent of our weavers are out of work, 50 per cent of our other auxiliary help are out of work. That would not compare with the figures of 17 per cent for 100,000 persons in the city of Philadelphia.

Senator GEORGE. Is that 17 per cent of total unemployment in Philadelphia?

Mr. HARKANSON. Seventeen per cent per 100,000 persons. Of course that was a confidential report that we received.

Senator GEORGE. That includes all industry?

Mr. HARKANSON. Yes, sir.

Senator GEORGE. All people laboring and doing work in that city?

Mr. HARKANSON. Yes, sir.

Senator BINGHAM. Just what do you mean by 17 per cent per 100,000?

Mr. HARKANSON. Of each 100,000 persons in the city of Philadelphia, 17 are unemployed, according to the figures we received.

Senator BINGHAM. Is it true that you weavers are paid piecework by the pick?

Mr. HARKANSON. Yes, sir. That is one reason why we believe this is the proper system of levying duties; that is, specific duties.

Senator BINGHAM. Thank you very much.

STATEMENT OF GEORGE McGEACHIN, REPRESENTING THE UPHOLSTERY GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.), NEW YORK, N. Y.

(The witness was duly sworn by Senator Bingham.)

Mr. McGEACHIN. Mr. Chairman and members of the committee, I have the honor to represent the upholstery group of the National Council of American Importers and Traders (Inc.), of New York.

Senator BINGHAM. Are you here in opposition to what was asked on Saturday regarding paragraph 908?

Mr. McGEACHIN. I do not remember what was asked on Saturday, Senator.

Senator BINGHAM. You were not here Saturday?

Mr. McGEACHIN. I should have been here, but I could not get here.

Senator BINGHAM. They asked for a rewriting of the paragraph so as to provide for a differentiation between the duty on different kinds of tapestries using the number of picks as the yardstick, so to speak, by which to measure it.

Mr. McGEACHIN. We oppose that entirely. We think the present method is a very fair method, and they have been enjoying a very prosperous business in Philadelphia.

Senator BINGHAM. The testimony is that they are constantly employing fewer and fewer workmen and, furthermore, that the workmen are paid by the number of picks, by piecework; and if we are to

protect American labor, would it not be a good idea to have a lower duty on tapestries which have few picks and a higher duty on tapestries which have many picks?

Mr. McGEACHIN. I would not think so, sir. The duty would be very little in tapestries at the low pick rates, because it would be only a rough fabric and would never be made in Philadelphia to any great extent. The finest tapestry is made in Philadelphia, and the coarser ones are made in the South. It seems like a long, roundabout way for the short cut home. It is entirely unscientific, in my opinion.

Senator BINGHAM. It looks to me the other way, that the way the paragraph is written now is unscientific, because it puts an ad valorem on the whole group of tapestries without regard to the number of picks.

Mr. McGEACHIN. You may have sometimes a tapestry of perhaps 40 or 50 picks which would come in at a very much lower duty. You may have a fine tapestry and it also costs a great deal more on the other side; and the ad valorem price seems to be about a fair price.

Senator SACKETT. Do you know how many looms there are engaged in this work in Philadelphia?

Mr. McGEACHIN. No; but I understand there are about 35 mills.

Senator SACKETT. Do you know what proportion of those looms are now operating?

Mr. McGEACHIN. It all depends on which side you ask. If you ask the manufacturer who is doing a very good business—one mill that we are aware of is working now three to four months behind on their deliveries. They can not get any more looms in their mill or they would put them in.

Senator SACKETT. I am not speaking of one mill, but taking the general average. We had testimony the other day that there were about 2,250 looms a few years ago and there were about 1,500 running, and at the present time there are about 750. Is that a fact, or is it not?

Mr. McGEACHIN. I would not like to say.

Senator SACKETT. You have made the statement that this is a very prosperous industry. The facts testified to were approximately what I have said. That would not indicate a very prosperous industry, would it?

Mr. McGEACHIN. No.

Senator SACKETT. What is your information?

Mr. McGEACHIN. Here is my information regarding that. I did not expect to get right down to that so quickly.

Senator SACKETT. I would like to get to the basis as quickly as possible.

Mr. McGEACHIN. I will come to it in a moment, if you do not mind.

Senator SACKETT. Very well.

Mr. McGEACHIN. I just want to explain the method by which we do our business. We represent some of the oldest concerns in the industry, such as Johnson & Faulkner; J. H. Thorp & Co.; F. Schumacher & Co.; R. Carrillo & Co.; Arthur H. Lee & Sons (Inc.); Lehman-Connor Co. (Inc.); W. B. Quaintance; M. H. Rogers (Inc.); Peter Schneider Sons & Co.; Stroheim & Romann; Witcombe, McGeachin & Co.

We buy our goods abroad. We either go over there or we buy them from the representative when he comes here, and we buy them for our own use and our own market and sell them for our own account.

The risk attendant on the purchase of these goods is quite large and very heavy, because you may buy a fabric that may look very attractive and in a little while it is out of style and you can not even get your original cost out of it. I defy our opponents to establish any undervaluation, which was remarked a few days ago, or any fraudulent practices in connection with the upholstery fabrics.

The risk attendant on our purchases, as I have said, is very great, and we have to carry large stocks of all kinds subject to the various changes in style. We have to employ offices in various metropolitan cities of the country for the use of the department stores' contract departments. They come and inspect our goods and buy them from those offices, and there is a very serious overhead in connection with them. One point came up last week, that on the overhead. It was suggested, I think, that 1½ per cent was a fair commission in this country and that the United States value should be applied to duties only where deducted from the selling price with no other deduction for overhead and profit.

We made a very careful investigation about this point; and the average overhead of the house that I have the honor to represent here is about 33⅓ per cent of the selling price of the goods. The nature of our business is such that we meet very serious competition of the domestic manufacturers. They are cutting into our business all the time. As a distributing house, of course that is very difficult to overcome.

Many of the men in our group are selling domestic-made fabrics together with imported fabrics. Whenever it is possible, because of the long time that elapses before goods are made abroad, we have them made by domestic manufacturers and thereby help to encourage the trade of the domestic manufacturer.

Senator BINGHAM. And yet the figures show that the imports are increasing and the domestic production is not.

Mr. McGEACHIN. There are one or two ways to explain that. In the last three years the importations of frieze upholstery fabric came under that class. The demand was great and it was not made here. Now they are making that particular type of goods, and that accounts for the gradual raise. Away back in 1923 there were only about 1,500,000, and it gradually went up while the domestic production went down; but the chief reason for going down was because of the fashion and style demand for those particular goods. You know the domestic fabric has a very substantial place in our trade, speaking generally, and it has a great advantage both of price and quick delivery.

Regarding the item in House bill 2667, paragraph 908, that is, "Tapestries and other Jacquard-figured upholstery cloths," and so forth, we would like the duty to remain at 45 per cent.

Senator GEORGE. What is it in the House bill?

Mr. McGEACHIN. Fifty-five.

Senator GEORGE. You would like to go back to the old figure?

Mr. McGEACHIN. Yes, sir. We say that because, as we view this point, the Philadelphia manufacturers have enjoyed very prosperous times under the 1922 tariff—

Senator SACKETT. On what do you base that statement?

Mr. McGEACHIN. I will tell you in a moment. One mill in Philadelphia made a profit last year of \$500,000. Another mill, by its published balance sheet, showed a profit of \$908,108.78.

Senator BINGHAM. What was the percentage on their invested capital?

Mr. McGEACHIN. That I do not know.

Senator BINGHAM. Do you not think it makes a difference? If you have \$100,000,000 invested and you make a profit of \$1,000,000, you have a profit of 1 per cent. If you have \$2,000,000 invested capital and you make a profit of \$1,000,000, it is a very different thing. What difference does it make whether they made \$500,000 or \$500,000,000 if you can not tell us the percentage?

Mr. McGEACHIN. This mill that made \$908,000 is quite a young mill in comparison with the other mills in Philadelphia.

Senator SACKETT. How much of it is running?

Mr. McGEACHIN. I understand it is all running now.

Senator SACKETT. All the mills that made that money are running now?

Mr. McGEACHIN. Yes, sir; and running on the same proportion, I understand.

Senator BINGHAM. But we were told by a representative of the weavers that the number of men employed is constantly diminishing.

Mr. McGEACHIN. Of course, they know the reason for that, Senator, just the same as I do.

Senator SACKETT. What is it?

Mr. McGEACHIN. The reason is this, that in Philadelphia they have during previous years enjoyed a wonderful business in all kinds of fabrics in upholsteries. Since the southern mills and the eastern mills have eliminated a great deal of their cotton weaving and have gone into the making of tapestries and upholstery goods, that competition has seriously affected the Philadelphia trade, and the Philadelphia manufacturers recognize that just as well as we do.

Senator BINGHAM. I did not quite get that. Who is going into the business and competing?

Mr. McGEACHIN. The southern and eastern mills.

Senator BINGHAM. They are now making tapestries?

Mr. McGEACHIN. Yes; and Jacquard fabrics and upholstery goods to a very large extent—so much so, to give you an idea how the Philadelphia manufacturers feel and know about this, they find, some of them, that it is better for them in many cases to place contracts with the southern and eastern mills and buy the goods on contract and resell it again, just like a jobber.

Senator BINGHAM. Mr. Amory, can you tell us later to what extent that business is changing its geographical location in the United States?

Mr. AMORY. I think I can get some of those figures for you.

Mr. McGEACHIN. In addition to those 2 mills, of course, there are 33 other mills in Philadelphia; and if the estimate made by the president of the—

Senator SIMMONS. Notwithstanding the fact that the eastern and southern mills may be making some of these commodities, they are still not supplying the domestic demand, are they? You would have to supplement it by bringing in imports of these same articles, would you not?

Mr. McGEACHIN. No, sir. The domestic mills——

Senator BINGHAM. You are testifying under oath, Mr. McGeachin. The figures show that the imports are very large and are increasing.

Mr. McGEACHIN. You know there are many ways of getting the facts.

Senator SIMMONS. I would like an answer to my question. Are these Philadelphia mills producing this product, supplemented by the eastern and southern mills, producing enough now to supply the domestic demand for that particular article?

Mr. McGEACHIN. Yes, sir; for the cheaper end of the upholstery trade. On the upholstery fabrics the southern and eastern mills can supply it.

Senator SIMMONS. Are they confining themselves to making the cheaper end of it?

Mr. McGEACHIN. At the present time.

Senator SIMMONS. Making nothing but the cheaper end?

Mr. McGEACHIN. That is correct.

Senator SIMMONS. But you are bringing in the higher end?

Mr. McGEACHIN. Yes; we are bringing in the higher end.

Senator SIMMONS. You are not bringing in goods that compete with the article that they produce?

Mr. McGEACHIN. No, sir; it is impossible.

Senator BINGHAM. Where are these southern mills that are making these tapestries?

Mr. McGEACHIN. For the moment I can not tell you exactly.

Senator BINGHAM. Give us their names if you can not tell where they are.

Mr. McGEACHIN. I do not know offhand the character of that business. There are people that have never been in the upholstery business before——

Senator BINGHAM. You referred to this. Now, let us know who they are and where their plants are located.

Mr. McGEACHIN. We can supply that data.

Senator BINGHAM. You ought not to be presenting this as a reason unless you are prepared to tell us who these people are or where their plants are located.

Mr. McGEACHIN. The manufacturers tell us themselves that they can not compete against the southern mills.

Senator SACKETT. Then how do you explain the fact that in one breath you say that the Philadelphia mills are extremely prosperous and making a tremendous profit and are fully employed, that their looms are going, and in the next breath you tell us that they have difficulty in competing with southern mills? I do not quite get that.

Mr. McGEACHIN. The facts speak for themselves. One manufacturer told our friend here last week that he was three to four months behind in his deliveries in the tapestry department. That is why we are giving it to you.

Senator SACKETT. In the next breath you say that the southern mills are cutting into their business.

Mr. McGEACHIN. On the cheaper end of their business that they used to enjoy to a very large extent.

Senator SACKETT. Who is cutting into the higher grade of business?

Mr. McGEACHIN. The importations are the ones—

Senator SACKETT. That is just what we want to get at.

Mr. McGEACHIN. The mill that I say is ahead is one of the most efficient mills. They have a very artistic, accurate man there who stimulates the novelties that the public demands; and mills with a management like that are bound to succeed.

Senator BINGHAM. You do not want to penalize them just because they have an efficient and brilliant management, do you?

Mr. McGEACHIN. No; I want to compliment them.

Senator BINGHAM. How many picks do the cheaper fabrics have? What is it? Twelve picks or 20 or 30?

Mr. McGEACHIN. Oh, no; it would be more than that—perhaps 40.

Senator BINGHAM. And you oppose what they request on the 40 picks?

Mr. McGEACHIN. It all depends on the fabric.

Senator BINGHAM. You are opposing what was asked for last week. They do not ask for any change in the bill as it comes from the House, on 50 picks or under. They ask just what the House gave them. So what you have said with reference to the cheaper fabrics does not apply to the request of the Philadelphia manufacturers?

Mr. McGEACHIN. No, sir.

I would like at this time to show you these fabrics—

Senator BINGHAM. We have not much time.

Mr. McGEACHIN. It will not take more than a moment.

Senator GEORGE. I would like to have you put into the record the profits of the Philadelphia mills. I do not care whether you put in the percentage on the invested capital or not.

Mr. McGEACHIN. I gave two.

Senator GEORGE. Have you any others?

Mr. McGEACHIN. According to the published statements, one made \$500,000 and the other one made \$908,000.

Senator BINGHAM. What are the names of the mills?

Mr. McGEACHIN. The one that made \$908,000 is the LaFrance Textile Industries Co., Philadelphia.

Senator GEORGE. How many mills are making this kind of product?

Mr. McGEACHIN. Thirty-five, altogether.

Senator BINGHAM. And two of them are making money?

Mr. McGEACHIN. That we know about.

Senator GEORGE. What about the others?

Mr. McGEACHIN. I have no figures on that. I did not think it was necessary.

Sample No. 1 that I am now presenting to you shows two fabrics, Nos. 1 and 2. No. 1 is a 50-inch-wide sample, 40 cents a yard wholesale; No. 2, 36 inches wide, 79 cents, bought retail from R. H. Macey & Co., New York.

Senator BINGHAM. How many picks?

Mr. McGEACHIN. I have not calculated them, sir.

Senator BINGHAM. The whole point in this hearing is with regard to the number of picks.

Mr. McGEACHIN. I would be very glad to have these analyzed. We only took the comparison of price.

This one [indicating], 36 inches wide, is 83 cents a yard, and this one [indicating], 50 inches wide, is \$1.20 a yard.

Senator BINGHAM. What do you intend to prove by these samples?

Mr. McGEACHIN. These are samples that are exhibited to show the quality of goods that it is impossible to import.

Senator SACKETT. Are these imported goods?

Mr. McGEACHIN. No, sir; all domestic.

Senator SACKETT. I do not see how we get anywhere by that.

Senator GEORGE. You do not import anything in competition with those?

Mr. McGEACHIN. No, sir; very little. They can not come in because of the value.

Senator SIMMONS. What do you mean? You mean that this product is made in this country more cheaply and sold more cheaply than it can be made and sold in France? Do you state that?

Mr. McGEACHIN. I state that it is made cheaper and sold cheaper here than we can import it from France, land it here, and sell it to the trade.

Senator BINGHAM. Is there at present a duty on that kind of goods?

Mr. McGEACHIN. Yes, sir.

Senator BINGHAM. It is 45 per cent, is it not?

Mr. McGEACHIN. Yes.

Senator BINGHAM. In other words, that duty is sufficient to enable the American manufacturer and American labor in the factories to produce these and sell them at a fairly low price without having to suffer from cheap foreign labor?

Mr. McGEACHIN. Yes, sir.

Senator SIMMONS. You mean duty paid?

Mr. McGEACHIN. Yes, sir.

Senator SIMMONS. Duty paid, the American selling price is less than you would have to sell the foreign article for?

Mr. McGEACHIN. Yes, sir.

I have another series here that might illustrate it perhaps a little better. We have here a comparable fabric—

Senator SIMMONS. That makes out a case of embargo, does it not, if you are right about it?

Mr. McGEACHIN. No; it is not a practical embargo. In so far as that is concerned, the attraction of the imported goods is the novelty of the weave and the construction and pleasing appearance of the fabric. That is the only way to get a footing.

Senator SIMMONS. I thought you were comparing the foreign article with the domestic article of exactly the same character.

Mr. McGEACHIN. Style and color. The quality may be the same. The style and manipulation of the looms are the things that make it attractive.

Senator SIMMONS. Do you mean that the American article is more attractive?

Mr. McGEACHIN. No, sir. It is the other way around.

In these two fabrics [exhibiting] I show you one at 98 cents a yard, made by the domestic mills; and the lowest cost at which it would be made abroad is \$1.12, landed cost.

Senator SACKETT. Is the quality the same?

Mr. McGEACHIN. The quality is the same; yes, sir.

Senator SIMMONS. What did you say it could be made for here?

Mr. McGEACHIN. Ninety-eight cents; and the landed cost of the imported goods would be \$1.12.

Here [exhibiting] is one where the price of the domestic article is \$1.57, and the landed cost is \$1.99.

Senator BINGHAM. How many picks are there in that?

Mr. McGEACHIN. I have not counted the picks.

Senator BINGHAM. I think you had better postpone your testimony until you can tell us more about these goods, because the proposal is a proposal to change the wording of the bill and use a new method of computation, and you are not prepared to tell us how that applies to this case. I think that until you find that out your testimony is not of any great value to me, at least.

Mr. McGEACHIN. I should be very glad to do that. We just addressed ourselves to the House bill as it stood.

Senator SACKETT. He is asking for a lowering of the duty in the House bill.

Mr. McGEACHIN. We did not know we were going to come to the pick feature.

(Mr. McGeachin subsequently submitted the following analysis:)

Foreign value	Present rate, 45 per cent	H. R. 2667: House rate, 55 per cent; also suggested rate for under 50 picks per inch	55 per cent ad valorem with specific rate added by Philadelphia manufacturers; for 50-72 picks, add 18 cents per square yard. Rates figured on 50-inch wide material—25 cents per lineal yard, 50 inches wide	72-96 picks, add 36 cents per square yard—50 cents per lineal yard, 50 inches wide	Over 96 picks, add 54 cents per square yard—75 cents per lineal yard, 50 inches wide
\$0.75 per yard.....	Duty, 34 cents.....	Duty only 42 cents, increase over present rate, 23 per cent.	Duty only 67 cents, increase over present rate, 97 per cent.	Duty only 92 cents, increase over present rate, 170 per cent.	Duty only \$1.17, increase over present rate, 244 per cent.
\$1 per yard.....	Duty only 45 cents.....	Duty only 55 cents, increase over present rate, 23 per cent.	Duty only 80 cents, increase over present rate, 78 per cent.	Duty only \$1.05, increase over present rate, 133 per cent.	Duty only \$1.30, increase over present rate, 190 per cent.
\$1.25 per yard.....	Duty, 56 cents.....	Duty only 69 cents, increase over present rate, 23 per cent.	Duty only 94 cents, increase over present rate, 68 per cent.	Duty only \$1.19, increase over present rate, 112½ per cent.	Duty only \$1.44, increase over present rate, 157 per cent.
\$1.50 per yard.....	Duty, 67½ cents.....	Duty only 83 cents, increase over present rate, 23 per cent.	Duty only \$1.08, increase over present rate, 60 per cent.	Duty only \$1.33, increase over present rate, 97 per cent.	Duty only \$1.58, increase over present rate, 133¼ per cent.
\$1.75 per yard.....	Duty, 79 cents.....	Duty only 96 cents, increase over present rate, 21½ per cent.	Duty only \$1.21, increase over present rate, 53 per cent.	Duty only \$1.46, increase over present rate, 85 per cent.	Duty only \$1.71, increase over present rate, 116 per cent.
\$2 per yard.....	Duty, 90 cents.....	Duty only \$1.10, increase over present rate, 23 per cent.	Duty only \$1.35, increase over present rate, 50 per cent.	Duty only \$1.60, increase over present rate, 78 per cent.	Duty only \$1.85, increase over present rate, 105 per cent.
\$0.75 per yard.....	45 per cent.....	55 per cent.....	Duty figured by 90 per cent....	Duty figured by 122 per cent..	Duty figured by 155 per cent.
\$1 per yard.....	do.....	do.....	Duty figured by 80 per cent....	Duty figured by 105 per cent..	Duty figured by 130 per cent.
\$1.25 per yard.....	do.....	do.....	Duty figured by 75 per cent....	Duty figured by 95 per cent....	Duty figured by 115 per cent.
\$1.50 per yard.....	do.....	do.....	Duty figured by 72 per cent....	Duty figured by 88½ per cent..	Duty figured by 105 per cent.
\$1.75 per yard.....	do.....	do.....	Duty figured by 69 per cent....	Duty figured by 83 per cent....	Duty figured by 98 per cent.
\$2 per yard.....	do.....	do.....	Duty figured by 67½ per cent..	Duty figured by 80 per cent....	Duty figured by 92½ per cent.

On above figure no allowance has been made for landing expenses, which figure another 10 per cent on the foreign value. Nearly all tapestries and jacquard figured upholstery fabrics are made 50 inches wide and the figures above are based on this width.

Senator SACKETT. Is that particular sample you have there the same goods?

Mr. McGEACHIN. Yes, sir; a comparable product, the foreign to the domestic.

Senator SACKETT. What do you mean by "comparable"?

Mr. McGEACHIN. The weight is about the same. I did not put down the analysis because I did not think that was necessary when it was only a question of the value, according to the bill as it was written.

Senator SACKETT. That shuts out your foreign importation?

Mr. McGEACHIN. Yes, sir; and because this fabric, which is a domestic fabric, is just as good looking as that fabric [indicating] in every way and costs less than the foreign.

Senator SACKETT. Is that made in Philadelphia?

Mr. McGEACHIN. I have had so many of them that I do not know whether it is made in Philadelphia or somewhere else in the East.

Senator BINGHAM. Is that the kind of product they make in the southern mills?

Mr. McGEACHIN. Yes, sir; very nice stuff, too.

Senator SACKETT. Have you any samples of goods that they can not make in southern mills to compete indirectly with Philadelphia?

Mr. McGEACHIN. Here are some [indicating].

Senator BINGHAM. Just a moment before you get to that. If the tariff were lowered on these goods and they were imported, then the new business which has sprung up in the South would naturally be diminished.

Mr. McGEACHIN. Yes, sir.

Senator GEORGE. The last sample that you presented—is that regarded as among the finer qualities?

Mr. McGEACHIN. This [indicating] can be made in Philadelphia very well. I think they are just about on the border line between the South and Philadelphia. This one here [indicating] I think Philadelphia can make. The domestic price of this one is \$1.43, and \$1.45 is the foreign price.

This one [indicating] is \$1.71 landed price, and \$1.71 domestic price.

Senator BINGHAM. What does that prove?

Mr. McGEACHIN. That the duty is just about right. The Philadelphia people can make it, and it is just a question of color.

The foreign price on this one [indicating] is \$1.48 and the domestic price is \$1.32.

Senator SIMMONS. Your point, as I understand you—and I am not sure that I do understand you—is that the duty is sufficient now. Is that your point?

Mr. McGEACHIN. Yes.

Senator SIMMONS. And that the House raises that?

Mr. McGEACHIN. Yes, sir.

Senator SIMMONS. And you want it eliminated?

Mr. McGEACHIN. Yes.

Senator BINGHAM. This sample as to which you say the landed cost is \$1.71 and the manufacturer's price is \$1.71, it is obvious that the manufacturer's price is set to meet foreign competition. What proof can you offer us that the price of \$1.71 at which they are

selling that is a price which enables them to make a reasonable profit?

Mr. McGEACHIN. I think I can do that very well, because that happens to be one of our own samples that we bought, and it is made in Paterson, that particular sample.

Senator BINGHAM. What is the actual cost?

Mr. McGEACHIN. I did not ask him that. He would not tell me that. He wants to sell the goods to me at a profit.

Senator BINGHAM. We are interested in the actual cost.

Mr. McGEACHIN. He sells to me at the same price that he sells to anybody. He does not cut it for me.

Senator BINGHAM. In other words, you do not know whether he makes a profit of 1 cent or 5 cents or 10 cents?

Mr. McGEACHIN. He makes a profit, because the mills are running all the time.

Senator BINGHAM. Is that the only goods he makes?

Mr. McGEACHIN. He makes other goods.

Senator BINGHAM. You do not know whether he makes more profit on this, or less?

Mr. McGEACHIN. No manufacturer will tell me that. I would be very glad to ask him if he makes sufficient profit on these goods to carry on and make a little profit at the end of the year, if you wish.

Senator SIMMONS. You would not buy these goods, would you, unless he did reduce the price to the level of the foreign price?

Mr. McGEACHIN. I did not compare them like that. If any domestic manufacturer produced a piece of goods that looked attractive and good value, I would buy it irrespective of what came from abroad.

Here is another one—

Senator SIMMONS. You have not answered my question exactly, yet. I am speaking, now, about an article of exactly the same type and character. If it were offered to you at a price in excess of what you paid abroad you would not buy it, would you?

Mr. McGEACHIN. It all depends on the design. Design enters into it.

Senator SIMMONS. I say, if the design is the same.

Mr. McGEACHIN. Yes; I would buy it if it is a good looking design. I would buy it because of its attractiveness and merit.

Senator SIMMONS. Suppose it was not more attractive and he charged more for it?

Mr. McGEACHIN. Oh, I would not buy it, of course.

This one [exhibiting] is a pile fabric, No. 14; \$1.37 domestic price and \$1.98 foreign landed price.

This one [exhibiting] is No. 15, made in Italy. The foreign price is \$3.10 and the domestic price is \$3.06.

Senator BINGHAM. How much more time do you require? You have had over half an hour.

Mr. McGEACHIN. I am sorry to have to take so much time, Senator, but I will not be very long now.

I just want to show you that in this particular case we have two fabrics and they are both made by domestic manufacturers. One

dollar and sixty-one cents is the price of one and \$1.44 is the other manufacturer's price for the same quality goods. Made in Italy, the foreign price is \$1.99, and the German price is \$2.12.

Senator SACKETT. Are there any of those fabrics as to which the imported goods sells at less than the domestic production has sold for?

Mr. McGEACHIN. I think there must be, here and there, but it is not general.

Senator SACKETT. Not general at all?

Mr. McGEACHIN. I venture to say, sir, in answer to that, that no matter what the foreign fabric is, we could take it to some of our manufacturers either in Philadelphia or somewhere else and they would reproduce that fabric at a lower price than the price of the imported article.

Senator BINGHAM. In other words, you charge that the increase in imports in this class of goods is due to the fact that the foreigners are making more attractive goods than the American manufacturers, and that the American manufacturer has not brains enough to see that and imitate the fabrics at a lower price?

Mr. McGEACHIN. To a great extent; yes, sir.

Senator SACKETT. There was a sample of goods brought here which was made in Philadelphia, and then sent over to some foreign country—Germany, I presume—and copied. Did you see that?

Mr. McGEACHIN. I was not here on Saturday, sir.

Senator SACKETT. If you did not see it, there is no use asking the question.

Senator BINGHAM. Is that all?

Mr. McGEACHIN. There are just one or two things more.

Senator BINGHAM. Please be as brief as possible.

Senator GEORGE. Can you tell me what per cent of the product handled by you as an importer is domestic and what per cent is foreign, in this particular class of fabrics?

Mr. McGEACHIN. I think just now we buy about 50 per cent more domestic goods than we do foreign, this class of goods.

Senator GEORGE. You are buying about 50 per cent more?

Mr. McGEACHIN. Yes, sir—than we are importing, in these patterns.

Senator BINGHAM. Is that the cheaper grades?

Mr. McGEACHIN. Yes, sir.

Senator SIMMONS. How about the higher grades?

Mr. McGEACHIN. On the higher grades of goods I think the importer has a greater variety to select from of foreign character than he has of the domestic character. There are more novelties. The foreigner will make you 5 or 6 pieces, whereas the domestic man will make 8 or 10. It is a matter of the attractiveness of the goods and the shorter quantity.

Senator SIMMONS. As I understand you, now, you are simply asking that the present rate be maintained. Are you making an objection to an increase?

Mr. McGEACHIN. I would like it to remain as it is.

Senator SIMMONS. The whole of it?

Mr. McGEACHIN. Yes.

Senator BINGHAM. I think we know your case, now.

Mr. McGEACHIN. There is just one thing in this other paragraph.

Senator BINGHAM. What paragraph?

Mr. McGEACHIN. Paragraph 904, printed cottons.

Senator BINGHAM. Which subparagraph?

Mr. McGEACHIN. Section (c).

This [exhibiting] is the foreign fabric, and this [exhibiting] is the domestic fabric. Between them there is practically no difference in appearance. This [indicating] we sell for 57½ cents, and this [indicating] costs \$1.34 to land, it being the foreign fabric.

Senator BINGHAM. Where was this one made [indicating]?

Mr. McGEACHIN. Mr. Johnson's mill makes this one [indicating].

Senator SACKETT. This is a glazed chintz?

Mr. McGEACHIN. Yes, sir. It is glazed to make it look nicer.

This particular fabric [indicating] is the foreign fabric, another design and another type. This [indicating] is the domestic reproduction—the wood roller effect that Mr. Johnson was speaking of just now. This [indicating] is the domestic reproduction of the copper roller fabric.

Senator BINGHAM. This one [indicating] sells for 50 cents and this one [indicating] sells for 75 cents?

Mr. McGEACHIN. These are cretonnes.

Senator GEORGE. You say the foreign pattern sells for 75 cents?

Mr. McGEACHIN. Yes, sir; and the domestic pattern sells for 50 cents a yard. That shows clearly that there is not much reason for an increase of duty required there.

Senator SIMMONS. Are they identically the same in quality? They are in appearance, but how about in quality?

Mr. McGEACHIN. I think, as a matter of fact, that the actual cloth from the domestic fabric is really a better cloth than the foreign fabric, but in appearance they fill the same bill.

Senator BINGHAM. I suppose it would be equally possible for Mr. Johnson to bring in samples where the foreign cloth was far cheaper than the domestic?

Mr. McGEACHIN. Yes, sir.

Senator BINGHAM. So that the production of one or two samples does not mean very much one way or the other.

Mr. McGEACHIN. Would you like me to make an analysis of all these various fabrics? I would like to leave them with the committee.

Senator BINGHAM. We would like to know about the pick value of those samples.

Senator SIMMONS. What do you call those goods [indicating]?

Mr. McGEACHIN. A glazed chintz or a printed cretonne, depending upon the type of the design. It is a printed fabric.

Here [exhibiting] is "Exhibit A" containing certificates of some of the higher-grade manufacturers of Europe.

Senator BINGHAM. You may leave that with the clerk of the committee to be placed in the record.

Senator SIMMONS. If you are correct in the statements that you have made, there probably ought not to be any duty at all.

Mr. McGEACHIN. Mr. Johnson took the cheapest fabric that comes from abroad and I took the medium price. We each want to make our own case, of course. Everyone thinks the duty should be down on somebody else's product and on their own it should be kept up.

Senator SIMMONS. I understood you to say that they are substantially the same in appearance, but you thought that the domestic goods were a little better quality?

Mr. McGEACHIN. Yes. We have a very good finisher down there. Mr. Johnson is a good finisher.

Senator SIMMONS. Yet you say that notwithstanding the fact that the American product is a little bit better, it sells in this market at less?

Mr. McGEACHIN. I will tell you one reason for that—

Senator SIMMONS. If you think that is so, do you think there ought to be any duty at all on it?

Mr. McGEACHIN. I want a duty on it, yes; I want a duty on all the goods, but I want a reasonable duty.

Senator GEORGE. What is the reason that you were about to give?

Mr. McGEACHIN. There is no necessity of having an extra duty when you can sell this one for 57.5 cents and this one lands at \$1.34, because in printing it we have to print large quantities. Of this one [indicating] we can buy 44 pieces or 8 pieces at a time. This [indicating] we have to buy 10,000 yards or so.

Senator SACKETT. Tell me why, if this [indicating] can be sold at 50 cents, the foreign article should come in at all.

Mr. McGEACHIN. It doesn't, very much, now.

Senator BINGHAM. Did you not say that it depends on having a large quantity made at one time?

Mr. McGEACHIN. That has a good deal to do with it.

(Mr. McGeachin submitted the following brief:)

BRIEF OF THE UPHOLSTERY GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

[UPHOLSTERY FABRICS, PARS. 904, 905, 906, 908, AND 909]

HON. REED SMOOT,

*Chairman Committee on Finance, United States Senate,
Washington, D. C.*

The importers of upholstery goods, comprising the upholstery group of the National Council of American Importers and Traders (Inc.), respectfully submit to your committee their objection to the increases proposed in H. R. 2667, paragraphs 908 and 909, and the reasons in detail in support of this objection.

The upholstery goods considered in this brief are now assessed with duty under paragraph 909 of the tariff act of 1922, and are included in paragraphs 908 and 909 of H. R. 2667, and these paragraphs are set forth for ready comparison of the language used and rates provided:

PARAGRAPH 909, ACT OF 1922

PAR. 909. Tapestries, and other Jacquard-woven upholstery cloths, Jacquard-woven blankets and Jacquard-woven napped cloths, all the foregoing in the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 45 per cent ad valorem.

PARAGRAPHS 908, 909, H. R. 2667

PAR. 908. Tapestries and other Jacquard-figured upholstery cloths (not including pile fabrics or bed ticking) in the piece or otherwise, wholly or in chief value of cotton or other vegetable fiber, 55 per cent ad valorem.

PAR. 909. Pile fabrics (including pile ribbons), cut or uncut, whether or not the pile covers the entire surface, wholly or in chief value of cotton, and all articles, finished or unfinished, made or cut from such pile fabrics, all the foregoing, if velveteens or velvets, 62½ per cent ad valorem; if corduroys, plushes, or chenilles, 50 per cent ad valorem; if terry-woven, 40 per cent ad valorem.

The proposed paragraph 908 of H. R. 2667 increases the rate of duty generally on Jacquard-figured upholstery cloths from 45 per cent ad valorem to 55 per cent ad valorem, and by the words "not including pile fabrics * * *" classifies Jacquard-woven pile fabric upholstery cloths in the proposed paragraph 909, where they would be dutiable at 62½ per cent ad valorem, as "pile fabrics * * * if velvets."

The increase in duty of 10 per cent on some upholstery cloths and 17½ per cent on others, was apparently provided at the request of the United Textile Workers of America, represented by Thomas F. McMahon, whose testimony and brief appear on pages 5441-5446 of schedule 9, hearings before the Ways and Means Committee; the Upholstery Weavers' Union of Philadelphia, represented by William Casey, whose testimony and brief are printed on pages 5447-5464; and the Philadelphia Upholstery Manufacturers' Association, represented by John W. Snowden, whose testimony and brief will be found on pages 5464-5474.

All three of these gentlemen present statistics as to wages and costs in this country and abroad, and draw very direful pictures of the condition of the industry in the United States. It is unnecessary, we think, in demonstrating to your committee that the increases granted in H. R. 2667 are not warranted, to enter into any extended discussion of the alleged condition of the upholstery industry in the United States. It must be apparent, however, that all the ills that may befall any particular group of manufacturers in this country, and their employees, are not attributable to imports and that an increase in the tariff is not a general panacea therefor. We do desire, however, to bring to your attention the following very pertinent facts:

1. All the gentlemen to whom we have referred represent manufacturers and their employees in Philadelphia and vicinity. They attribute their stated condition to the competition with their products of foreign-made upholstery goods. They made no mention of the competition with upholstery goods made in mills in the South and East. In this connection we refer to our Exhibit No. 1 of samples of upholstery fabrics made by these mills, some of which were purchased at retail from department stores in New York City. The description and prices of the goods represented by these samples follows, and we would like to have Mr. Snowden state whether the manufacturers he represents can compete with these prices. If they can, they should not fear competition from imported upholstery goods, as we can not import and sell our goods at the prices at which these domestic fabrics are sold, and that even with the present duty of 45 per cent.

Cotton and rayon damask, 50 inches, \$0.40 (wholesale), 6 per cent discount.

Cotton and rayon damask, 36 inches, \$0.79 (retail), R. H. Macy & Co., New York.

Cotton and rayon stripe, 36 inches, \$0.85 (retail), Gimbel Bros., New York.

Cotton and rayon brocade, 50 inches, \$1.20 (wholesale), net.

Rayon and cotton damask (piece dyed), 45 inches, \$0.95 (wholesale), 6 per cent discount.

Rayon and cotton moire damask (piece dyed), 50 inches, \$1.75 (wholesale), 6 per cent discount.

Rayon and cotton, slubb weft damask, 50 inches, \$2.25 (wholesale), 6 per cent discount.

Cotton and rayon damask, 45 inches, \$0.55 (wholesale), net.

Cotton tapestry, 50 inches, \$0.73 (wholesale), net.

Cotton tapestry, 50 inches, \$1.04 (wholesale), net.

Cotton brocade, 30 inches, \$1.08 (wholesale), net.

The fabrics shown in the above exhibit were produced in this country by mills in the South, and partly by mills in the East which formerly produced cotton piece goods only. These goods are produced on high-speed looms and can, therefore, be offered at prices which would not be remunerative to the Philadelphia manufacturers, who are equipped with heavy tapestry looms, the output of which is much below the volume obtained on these new high-speed looms. Also the cost of production of such goods is greatly reduced owing to the lower wage scale in other districts, particularly in the South, and to the fact that a weaver in the South oversees the production of from four to six automatic looms, while under the rules of the unions of the Philadelphia district, a weaver is permitted to take care of only one loom. The goods shown by the samples of Exhibit I are sold in large quantities directly to the department stores all over the country which previously placed their orders in Philadelphia.

The above facts prove conclusively that the competition of the mills, which have recently gone into the manufacturing of upholstery textile fabrics, is more detrimental to the old established mills in Philadelphia and vicinity, than the importation of foreign-made fabrics, as these new mills have secured a large part of the quantity production which formerly went to the Philadelphia manufacturers. It is not clear how the proposed increases in duty will remedy these conditions, as it would appear that if these increases prevent importation of foreign fabrics, certainly the Philadelphia mills would get little or none of the business.

As indicating some of the conditions affecting competition between domestic manufacturers which may contribute quite materially to the ills of the Philadelphia mills, we quote the following resolution adopted at the meeting of the National Upholstery Textile Association, held in Philadelphia May 6, 1929:

"Piracy of patterns and designs: A practice has arisen among some upholstery fabric manufacturers of usurping patterns or designs, the products of others, and in many instances making the same up in inferior qualities of fabrics; and whereas such action on the part of manufacturers is wholly improper from every standpoint of fair dealing and business honesty; therefore, be it resolved that the members of the upholstery fabrics industry go on record as being unalterably opposed to any piracy of patterns or designs, that they condemn such action, and that they will make every effort within their power to bring about the discontinuance of such practice."

We also refer to an article in the Daily News Record of May 4, 1929, in which it was stated that a price war had started between three of the largest mills in the Philadelphia district, on mohair upholstery fabrics.

2. We also refer to the fact that the profit of one Philadelphia mill in 1928 was \$500,000, and of another, the La France Textile Industries of Philadelphia, \$008,108.78 for the same period. Certainly these profits would not appear to reflect an unhealthy financial condition.

3. Mr. Snowden states in his brief, page 5473, that the gross business of the domestic manufacturers is approximately \$20,000,000. We have no statistics to combat this statement, but we believe it to be inaccurate and far below the actual gross business, and this for the reason that 2 of the manufacturers out of the 35 located in and around Philadelphia, as we have stated under (2), together made a profit of more than \$1,400,000 last year, and this would indicate a total gross business of over \$10,000,000. This would leave \$10,000,000 gross business to be divided between the other 33 mills in Philadelphia and vicinity, and those located in the South. If only two of the manufacturers did one-half of the gross business and made the substantial profit between them of \$1,408,108.78, it is obvious that the other manufacturers, including Stead & Miller, of Philadelphia, Mr. Snowden's concern, which he stated "has fallen down in the last two years in sales considerably" must seek for a remedy elsewhere than in an increase of duties on imported upholstery fabrics.

4. As presenting, what we submit is conclusive evidence that the proposed rates in H. R. 2667 are not necessary to place the domestic manufacturers on competitive basis with respect to foreign-made upholstery, we submit several comparisons, with the foreign costs stated in detail. The fabrics used in making these comparisons are represented by samples which accompany this brief, and the figures and facts stated are supported by affidavits.

EXHIBIT No. 5A

Cost of production in Italy of domestic material as per sample No. A

	Grs.	Price per kilogram	Material expenses	Labor expenses	Total lire
WARP					
Cotton Am. 32/2.....	370	Lire 16.60	Lire 6.14		
Tie cotton Am. 80/2.....	27		1.35		
Mercerization and dyeing.....					
Winding and beaming.....	397	8.50		3.17	
		3.00		1.19	

Cost of production in Italy of domestic material as per sample No. A—Continued

	Gra.	Price per kilogram	Material expenses	Labor expenses	Total liras
FILLES					
Cotton Am. 6/2 waste.....	190	<i>Lira</i> 10.00	<i>Lira</i> 1.90		
Blinder Cot. Am. 50/2.....	22	29.00	.63		
Dyeing.....	212	5.50		1.16	10.02
Winding and spooling.....		3.00		.63	
Weaving and twisting in.....				2.10	
Finishing.....				.50	
Factory expenses 100 per cent of weaving.....				2.10	
Checking and mending.....				.50	
Labor assurance, paid.....				11.35	11.91
5 per cent of labor expenses.....				.56	21.93
OVERHEAD					
Selling expenses 6 per cent.....			1.31		
Creation novelties, sampling 6 per cent.....			1.31		
Administration taxes (40 per cent of net profit).....	7½		1.64		
Transportation insurance 1 per cent.....			.22		
Seconds, bonus, sample allowance 1½ per cent.....			.33		4.21
Eight per cent profit of factory cost.....					26.74
Foreign price per meter.....				(1) \$1.51	28.88
Two per cent discount.....				.03	
Marine insurance, ocean freight (fast steamer).....				1.48	
Clearance customhouse duty, 45 per cent.....				.07	
Landed cost per meter.....				‡ \$2.21-\$1.99	
Selling price of domestic fabric.....				‡ \$1.71	
Six per cent discount.....				.10	
Net price.....				‡ \$1.61	

‡ Liras, 28.88 per meter.

‡ Per yard.

EXHIBIT No. 5B

Cost of production in Germany of domestic material as per sample

	Marks
0.370 kg. 32/2 cotton marks 4.41 P. kg.....	1.63
0.027 " 80/2 cotton marks 8.50 P. kg.....	.23
0.190 " 6/2 cotton marks 2.40 P. kg.....	.45
0.022 " 50/2 cotton marks 6.70 P. kg.....	.15
	<u>2.46</u>
Dyeing costs, 0.609 kg. at 1.17:	
Dyeing.....	.71
Weaving.....	.32
	<u>3.49</u>

Expenses of weaving:

	Marks
One hundred and sixty per cent factory expenses.....	0.51
Seventy-five per cent designing, creation, novelties, sampling...	.24
Seventy-five per cent checking, mending labor, assurance.....	.24
	4.48
Thirty-three per cent administrative expenses, insurance, selling expenses, taxes.....	1.47
	5.95
9 per cent profit.....	.55
	6.50 = \$1.55
Selling price.....	6.50 = \$1.55
5 per cent freight marine insurance ocean freight (fast steamers), clearance customs house.....	.07
45 per cent duty.....	.73
	2.35
	2.35
Price of domestic fabric per yard.....	1.71
6 per cent discount.....	.10
	1.61

EXHIBIT No. 6*Cost of production in Germany of cotton tapestry produced by domestic manufacture*

	Marks
0.155 kg. 32/2 cotton 4.41.....	0.68
0.310 kg. 12/3 cotton 3.57.....	1.10
0.048 kg. 50/2 cotton mercerized 7.50.....	.36
0.310 kg. 8/2 pearl cotton 4.20.....	1.30
	3.44
	3.44
Dyeing costs, 0.823 kg. at 1.17:	
Dyeing.....	.96
Weaving.....	.75
	5.15
	5.15
Expenses of weaving:	
100 per cent factory expenses.....	1.20
75 per cent designing, creation, novelties, sampling.....	.56
75 per cent checking, mending, labor, assurance.....	.56
	7.47
33 per cent administration expenses, insurance selling expenses, taxes.....	2.46
	9.93
12 per cent profit.....	1.09
	11.02
	11.02
Selling price.....	11.02

¹\$2.35 per meter equals \$2.12 per yard.

²11.02 equal \$2.62 per meter and \$2.36 per yard.

Selling price.....	\$2.62
5 per cent freight, marine insurance ocean freight (fast steamer), clearance customs house.....	.13
45 per cent duty.....	1.17
	<hr/>
Foreign landed price.....	\$3.92
	<hr/>
Price, domestic fabric.....	\$3.25

EXHIBIT No. 7.

Material purchased in France by New York importer—Sample D

At francs 55.00 per meter, discount francs.....	2.75
Francs, 52.25 per meter.....	\$2.04
	<hr/>
Price in dollars per yard.....	1.84
5 per cent freight.....	.10
45 per cent duty.....	.83

Landed cost per yard..... 2.77

Sample E—domestic material, being a copy of the imported cloth—price per yard \$2.50 net.

We also invite attention to the following comparisons represented by Exhibit 8, of which samples accompany this brief, with affidavits as to the facts and figures:

EXHIBIT No. 8

PARAGRAPH 909

Wholesale prices of domestic fabrics compared with landed cost of comparable foreign fabrics

Exhibit No.	Domestic			Exhibit No.	Country of production	Foreign price per yard	Discount	Net per meter	Foreign		Landed cost	
	Price per yard	Discount	Net price per yard						Duty	Freight	Per meter	Per yard
1D-50.....	\$1.00	\$0.02	\$0.98	1F-50.....	Italy.....	\$0.85	\$0.02	\$0.83	\$0.37	\$0.04	\$1.24	\$1.12
2D-50.....	1.60	.10	1.50	2F-50.....	do.....	1.44	.03	1.41	.64	.07	2.12	1.99
3D-50.....	1.45	.03	1.43	3F-50.....	France.....	1.13	.06	1.07	.49	.05	1.61	1.45
4D-50.....	1.75	.04	1.71	4F-50.....	Italy.....	1.29	.02	1.27	.57	.06	1.90	1.71
5D-50.....	1.40	.08	1.32	5F-50.....	do.....	1.00	.02	.98	.45	.05	1.48	1.34
6D-50.....	1.40	.03	1.37	6F-50.....	France.....	1.55	.08	1.47	.66	.07	2.20	1.98
7D-50.....	3.25	.19	3.06	7F-50.....	Italy.....	2.36	.06	2.30	1.04	.11	3.45	3.10

Merchandise as shown by samples 6D and 6F would be dutiable under paragraph 909 of the proposed tariff.

Exhibits 5a and 5b refer to a tapestry made in the United States, and give the cost of production for the same material in Italy and in Germany. It will be seen that the landed cost of identical material produced in Italy is 20 per cent above the selling price of the domestic manufacturer, while the landed cost of the material produced in Germany would be 33 per cent above the domestic price. Exhibit 5c shows the very same design produced by another domestic manufacturer in a quality selling at \$1.41 net, which is 15 per cent below the selling price of the original domestic fabric.

Exhibit 6 gives the cost of production in Germany of a cotton tapestry sold by the domestic manufacturer at \$2.93 per yard. The landed cost of the corresponding foreign material would be \$3.53.

³ \$3.92 per meter equal \$3.53 per yard.

⁴ \$3.25 per meter equal \$2.93 per yard.

A great many fabrics imported from abroad are afterwards copied by domestic manufacturers, either in identical or in similar qualities. This fact proves that the present duty must provide sufficient protection, as it would otherwise not be profitable to copy an imported fabric already offered on the market.

Exhibit 7 shows a typical case. This foreign fabric, sample No. 7a, had been imported at a landed cost of \$2.77 per yard, while the copy produced by a domestic manufacturer, sample No. 7, is now sold at \$2.50 net.

It is, furthermore, to be considered that paragraph 1213 provides for the domestic manufacturer such a high protection on upholstery textile fabrics composed wholly or in chief value of artificial silk, that all foreign competition is almost absolutely excluded. The rayon warp damasks produced in this country are enjoying a rising demand. They replace in many cases the high-grade mercerized cotton damasks produced abroad.

Exhibit 8 shows samples of imported goods, together with samples of comparable domestic qualities, which in several instances are lower priced and better.

The above exhibit proves conclusively that the present tariff of 45 per cent provides ample protection to the American manufacturer, and the proposed rate of 55 per cent in H. R. 2667 is exorbitant and not justified.

5. A great deal of space has been given in the briefs of the three gentlemen who appeared before the Ways and Means Committee, to statistics showing the wage scale in foreign countries as compared with the wages paid for similar labor in this country, and also to comparisons of costs of material and overhead. We submit that these statistics are inaccurate, as shown by affidavits made before United States consuls in France, Germany, and Italy, which affidavits accompany this brief and are marked Collective Exhibit A.

The difference between the American and European wage scale is considerable, but it must be pointed out that the efficiency of labor in the United States is certainly much greater than in Europe. The greater production capacity of the Philadelphia weaver should also be taken into consideration as against the slow methodical European workman. The advantage which the European manufacturer has in the lower wages can not, therefore, be figured out by mere comparison of the wage scales.

The European labor costs are increased by charges for insurance, paid holidays, indemnities in case of dismissal or death, etc., which range between 5% per cent, according to the legislation of the different countries. The overhead of the foreign manufacturer is three to four times the overhead of the American manufacturer, not only owing to the very high taxation, but through the enormous expenses for the creation and sampling of novelties.

The overhead of the Italian manufacturer on the factory cost (cost of material plus labor) is 32 per cent, divided as follows: Supervision, 10 per cent; expenses for creating novelties, 6 per cent; administrative overhead and taxes, 7½ per cent; freight and insurance, 1 per cent; losses on seconds, special allowances, etc., 1½ per cent; insurance, indemnities for dismissal, as death, etc., 6 per cent.

It must also be taken into consideration that the foreign manufacturers require for delivery in general from 3 to 4 months, and sometimes even more than 6 months, while the domestic manufacturer equipped for mass production is able to make deliveries within 2 to 6 weeks. It is obvious that the wholesaler will give preference to the domestic manufacturer on account of the quicker deliveries, which is a capital item with the present hand to mouth buying policy. This preference can easily be valued as a further ½ per cent protection for the domestic manufacturer, especially for contract work where large quantities are required within a short time. Many of the importers are maintaining offices in Europe, or are visiting regularly the foreign markets, the cost of which results in a further expense and consequently protection for the domestic manufacturers.

It appears that the Upholstery Manufacturers Association of Philadelphia has been misled by incomplete information regarding the wage scales in Europe. It is obvious that highly skilled upholstery tapestry weaver will receive higher wages than a weaver of plain cotton textiles. The figures gathered from the labor statistics, as presented by the Upholstery Manufacturers Association of Philadelphia, can, therefore, not be used as a basis of comparison with the union wage scales for upholstery tapestry weavers in Philadelphia.

The following are the average wages per hour in the principal European countries, as per affidavits, collective Exhibit A:

Average wages paid per hour in the European textile industry

	France		Germany		Italy	
	Francs	Dollars	Marks	Dollars	Lira	Dollars
Weavers, male.....	5.54	0.216	1.24-1.50	0.30-0.36	3.60	0.19
Weavers, female.....					3.08	.16
Beamers, female.....	4.54	.17	.61	.15	2.12	.11
Twisters, female.....	4.56	.17	.66	.17	1.81	.10
Winders, female.....	3.30	.13	.63	.16	1.81	.10
Spoolers, female.....	3.30	.13	.54	.13	1.81	.10
Burlers, female.....			.83	.20	1.81	.10
Menders, female.....			.65	.16	1.81	.10
Dyers (unskilled).....	2.62	.11			2.10	.11

In addition to the above, the social taxes to be paid by the employers on the amount of wages, are the following:

	Per cent
France.....	5.97
Germany.....	8.4
Italy.....	5.9

The great difference between the above figures and those given in the afore-said brief of the upholstery association in Philadelphia, as far as conditions in Italy are concerned, finds its explanation in the fact that the textile wage rates from the Pisa district (a district in which no upholstery textile fabrics are produced) are the base rates of the agreement of 1922 to which supplements for high cost of living were added according to the fluctuation of the index. The supplements went up in 1927 to 110 per cent of the base rate and were reduced after the stabilization of the Italian lira by 22½ per cent, equal to 87½ per cent of the base wages. This supplement was advanced to 90½ per cent in September, 1928, owing to a slight increase in the cost of living in Italy.

The above figures show that the labor cost in the principal European countries is only about one-third to one-fourth of the labor cost in Philadelphia; the overhead charges, however, being very high. The figures for the upholstery textile factories are the following:

	Per cent
France.....	32-36
Germany.....	35-42
Italy.....	30-32

against 9.78 per cent of the American manufacturer. The average percentage of cost of raw materials is between 38 and 42 per cent. The foreign production cost, therefore, shows in the average the following composition:

	France	Germany	Italy
	Per cent	Per cent	Per cent
Direct labor.....	26	20	23
Raw material.....	40	40	40
Overhead.....	34	40	32

The bulk of the upholstery fabrics imported under paragraph 909 of the present tariff act, comprises novelty goods created by the European manufacturers. The importer has continually to secure novelty fabrics in order to satisfy the demands of this country, which requires to-day, even in upholstery textiles, new styles, colors, and designs. The large amount of imports under this paragraph during the last three years is due to this fact, and not to the more advantageous prices at which the fabrics can be purchased abroad.

The improved standard of life in this country produces naturally a growing demand for new and unusual fabrics. A large part of the increase in

the imports during the years 1926, 1927, and 1928 consisted of special fabrics for furniture coverings—linen friezes—which were not produced in this country at that time, and now are produced in a small amount, although the demand is now infinitesimal.

The unsatisfactory conditions stated to exist in this industry in Philadelphia in August, 1928, were largely due to overproduction in the furniture industry, which led to an unfortunate crisis, which continues to this date. The demand for furniture coverings necessarily was very much below the usual volume from May, 1928, to the present time.

By excepting pile fabrics from paragraph 908 of H. R. 2667, upholstery fabrics of this type which now pay a duty of 45 per cent ad valorem, will be assessed at 62½ per cent under the proposed paragraph 909.

With the present rate of duty of 45 per cent ad valorem, plain upholstery fabrics, Jacquard woven, having the pile wholly cut, can not be imported, as the landed cost is such as to render competition with similar domestic fabrics impossible. It is only the high-grade pile fabrics, known as frieze effects, that can be imported, and these fabrics, except to a limited extent, can not be produced in the United States. It is this class of foreign-made upholstery fabrics that makes up the bulk of the imports.

Pile fabrics, if Jacquard woven, are only used for upholstery purposes, and, therefore, they should be included in the specific provision for Jacquard-figured upholstery cloths, in the proposed paragraph 908, and at the present rate of 45 per cent ad valorem.

It is, therefore, suggested that the proposed paragraphs 908 and 909 be amended to read as follows:

"Par. 908. Tapestries and other Jacquard-figured upholstery cloths (not including bed ticking) in the piece or otherwise, wholly or in chief value of cotton or other vegetable fiber, 45 per cent ad valorem.

"Par. 909. Pile fabrics (including pile ribbons, but excluding Jacquard-figured upholstery cloths), cut or uncut, whether or not the pile covers the entire surface, wholly or in chief value of cotton, and all articles finished or unfinished, made or cut from such pile fabrics, all the foregoing, if velveteens or velvets 62½ per cent ad valorem; if corduroys, plushes, or chenilles, 50 per cent ad valorem; if terry woven, 40 per cent ad valorem."

We are also interested in paragraphs 904, 905, and 906 of H. R. 2667.

Paragraph 904 (c) increases the rates of duty on cotton cloth, printed or colored, approximately 8 per cent over the duty now assessed under paragraph 903 of the tariff act of 1922. We import cretonnes, percales, and chintzes, of which there is a large quantity used in the upholstery trade.

We believe that the exhibits which we submit herewith of imported and domestic materials of the character covered by this paragraph, with the landed cost of the imported material and the selling price of the domestic article, demonstrate conclusively that the increased duty is unnecessary in order to protect domestic manufacturers.

Exhibit 1 is a sample of printed cotton cloth manufactured abroad. With the present rate of duty under paragraph 903 of the tariff act of 1922, the landed cost, including such duty, is \$1.34 per yard. Exhibit 2 is a domestic cloth of the same design, which is sold at wholesale at 57½ per yard. There is practically no difference between these two fabrics and yet the domestic article is sold at 57½ cents per yard, while the foreign fabric can not be landed in this country and the present duty paid, for less than \$1.34 per yard, and to this must be added profit and overhead in this country.

Exhibit 3 is a cloth of foreign manufacture, which is sold at wholesale in this country at 75 cents per yard less 6 per cent terms. Exhibit 4 is a domestic fabric which is sold at wholesale in this country at 50 cents per yard less 6 per cent terms. It should be noted that the domestic fabric is 34 inches wide, while the foreign fabric is only 29 inches wide, a difference of 5 inches. It is manifest from these samples, that no added protection over that afforded by the present paragraph 903 is necessary.

Paragraph 905, H. R. 2667: Under this paragraph there is assessed an additional duty of 5 per cent ad valorem on the cotton cloth provided for in paragraph 904, which we have discussed, if there is contained therein any silk. In order to classify such cloth under the proposed paragraph 905, it must be in chief value of cotton. If in chief value of cotton, it is essentially a cotton fabric, and the protection intended must be based upon the consideration of the article as a cotton article.

We, therefore, submit that there is no reason for increasing the duty 5 per cent on a fabric which is in chief value of cotton, and already protected under paragraph 904, merely because it has a small quantity of silk, silk fabrics being likewise protected under the rates imposed in the silk schedule.

Paragraph 906, H. R. 2667: This paragraph increases the rate of duty on fabrics in chief value of cotton, where such fabrics contain any wool. The rate of duty proposed is 60 per cent, which is a serious increase on the fabrics in which we are interested. As stated in connection with paragraph 905, fabrics containing wool, in order to be classifiable under the cotton schedule, must be in chief value of cotton and, therefore, essentially manufactures of cotton. While it may be deemed necessary to assess a higher rate on articles manufactured of wool than on the raw material—that is, wool—this should apply only to manufactured articles which are classifiable as woolen articles.

We, therefore, submit that there should not be imposed the contemplated increase on these cotton articles because of a small quantity of wool that may be contained therein.

Respectfully,

GEORGE MCGEACHIN,
*Chairman Upholstery Group of the
National Council of American Importers and Traders (Inc.).*

EXHIBIT A

CERTIFICATE OF ACKNOWLEDGMENT OF EXECUTION OF DOCUMENT

REPUBLIC OF FRANCE, DEPARTMENT OF NORD, CITY OF LILLE,

Consulate of the United States of America, ss:

I, Harold Playter, consul of the United States of America at Lille, France, duly commissioned and qualified, do hereby certify that on this 22d day of April, 1929, before me personally appeared Edouard Rasson, one of the managers of the firm Vanoutryve & Co., Roubaix, to me personally known, and known to me to be the individual described in, whose name is subscribed to, and who executed the annexed instrument, and being informed by me of the contents of said instrument, duly acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

AMERICAN CONSULATE,
Lille, France.

In witness whereof I have hereunto set my hand and official seal the day and year last above written.

[SEAL.]

HAROLD PLAYTER,
Consul of the United States of America.

I, Edouard Rasson, one of the Managers of the firm F. Vanoutryve & Co., 75 Boulevard d'Armentières, Roubaix, manufacturers of upholstery fabrics, do hereby certify that the average wages for a male weaver in our mills are 4.55 francs per hour, as shown per pay roll declaration for the year 1928.

I do further declare that in addition to the above salary, the following expenses are to be taken into consideration:

	Per cent
Insurance against accidents.....	0.67
Consortium Industrie Textile (children and illness allowances).....	5.10
Syndicate.....	.20
Supervision (salaries of foremen).....	16.00
	21.97

Therefore the average wages per hour for a male worker are 5.54 francs, corresponding to \$0.2164.

I do further declare that the wages for the other categories outside of weavers are as follows:

	Francs, per hour
Broyeurs (twisters-knoters).....	4.458
Outfisseurs (warpers).....	4.54
Dyeworkmen.....	2.82
Women: Boblineuses, spoolers.....	3.30

The expenses illustrated for the salary of the weaver in the amount of 21.97 per cent. are to be applied to the above categories as well.

I do furthermore declare that the documents certifying the above figures have been shown to the consul of the American consulate at Lille, France.

E. J. RAPON.

I, Eugen Vowe, manager of Vorwerk & Co., Barmen, Rhineland, Germany, manufacturers of carpets and furnishing fabrics, truly declare that the average wages paid in our mills from November 26 to December 22, 1928, for our frisé velours are as follows:

	Per hour		Per 51 hours a week	
	Marks	Dollars	Marks	Dollars
For male weavers.....	1.22.2	0.29.1	62.32	14.84
For juvenile male weavers.....	0.82.7	.19.7	42.18	10.04

I further declare that the wages for the other operatives, excepting weavers, are as follows:

	Per hour		Per 51 hours a week	
	Marks	Dollars	Marks	Dollars
For beamers.....	1.34.5	0.32	68.60	16.33
For finishers.....	.86.7	.20.6	44.22	10.53
For dyers.....	1.25.2	.29.8	63.85	15.20
For spoolers.....	.76.6	.18.2	39.07	9.30
For menders.....	.61.5	.14.6	31.37	7.47

I further certify that the overhead expenses for the weaving are as follows:

	Per cent
General factory expenses (factory management, supervision, steam, power light, heating, factory materials, factory wages, repairs, etc.).....	15.7
Designing.....	5
Shipping and office expenses.....	4.5
Selling, insurance, and taxes.....	5.5
Administration (salary, interest, amortization).....	10

Witness my hand, Cologne, April 26, 1929.

E. VOWE.

Subscribed and sworn to before me this 26th day of April, 1929.

J. HOLBROOK CHAPMAN,
Vice Consul of the United States of America.

Service No. 1545; fee, \$2; tariff No. 31.

I, Christian Schmid, general manager of the Societa Anonima Schmid, Via Morigi 8, Milan, Italy, manufacturers of drapery and upholstery fabrics, do hereby certify that the average wages for a male weaver in our mills are liras 28.80 for the day of eight hours (as per pay roll sheet No. 3 from January 28 to February 10, 1929, our mill, Cassolnuovo, Lomellina), and for a female worker liras 24.64 always for the day of eight hours (as per pay roll sheet No. 5 from March 1 to 15, 1929, our mill at Cavenago, Brianza.)

I do further declare that, in addition to the above items, the following expenses are to be taken into consideration:

	Per cent
Insurance against invalidity and old age.....	3
Contribution to the Syndicate.....	0.4
Annual paid holidays (48 hours on a total of 2,400 working hours).....	2
Indemnity in case of dismissal or death (two days for each year of service).....	0.5
Supervision (salaries of foremen).....	10
Total.....	15.9

Therefore the average wages per day of eight hours for a male worker are liras 33.37, corresponding to \$1.76. For a female worker liras 28.55, equal to \$1.50.

I do further declare that the wages for the other categories outside of weavers are as follows:

	Liras per hour
Dyehouse.....	2. 10
Beamers.....	2. 12
Torcitori (Twisters).....	1. 81
Loom fixers.....	1. 81
Winders.....	1. 81
Spoolers.....	1. 81
Burlers.....	1. 81
Menders.....	1. 81
Menders assistants.....	1. 27

The expenses illustrated on the first page in the amount of 15.9 per cent are to be applied to the above categories as well.

I do further certify that our overhead expenses are as follows:

	Per cent
Selling expenses.....	6
Expenses for creating novelties (designing and sampling).....	6
Overhead expenses, taxes.....	7½
Carriage, insurances.....	1
Losses on seconds, special allowances.....	1½

making thus a total of 22 per cent on the production cost.

I do furthermore declare that the documents certifying the above figures have been shown to the consul of the American Consulate at Milan, Italy. In witness whereof I have hereunto set our hands and seals the 17th day of April A. D. 1929.

[SEAL.]

CHRISTIAN SCHMID.

KINGDOM OF ITALY, CITY OF MILAN,
Consulate of the United States of America.

Subscribed and sworn to before me this 16th day of April, 1929.

FRANK C. NICCOLI,
Vice Consul of the United States of America.

I, Walter Forchhelm, manager of the Cammann & Co., Aktiengesellschaft Blankenauerstr. 74, Chemnitz, Saxony, manufacturers of upholstery and drapery fabrics, do hereby certify that the average wages in our mills for male weavers are 1.24 marks per hour, 62 marks per 50-hour week; for female weavers are 0.70 mark per hour, 35 marks per 50-hour week; or 30 cents per hour, \$14.80 per 50-hour week, or 16 cents per hour, \$8.33 per 50-hour week, as per our book, pages 72, 73, 74, from 4th of April to 17th of April, 1929.

I do further declare that the wages for the other categories outside of weavers are as follows:

	Mark per hour
Beamers.....	0. 61
Loom fixers.....	. 66
Printers.....	. 59
Winders.....	. 63
Spoolers.....	. 54
Burlers.....	. 83
Menders.....	. 65

I do further certify that our overhead expenses for the weaving process are as follows:

	Per cent
General factory expenses.....	8
Supervision, salaries of foreman.....	8. 5
Designing, sampling.....	4. 5
Printing department.....	. 6
Insurance, selling expenses, taxes, administration.....	21

I do furthermore declare that the documents certifying the above figures have been shown to the consul of the American Consulate at Dresden, Saxony. In witness whereof we have hereunto set our hands and seals the 20th day of April, 1929.

CAMMANN & Co., A-G.

WALTER FORCHHEIM, *Manager.*

Subscribed and sworn to before me this 20th day of April, 1929.

B. HEILER,

Vice Consul of the United States of America at Dresden, Germany.

Statement of effective wages paid by the firm of Wilhelm Vogel, Chemnitz, in 1928 to weavers for work on goods ordered in and exported to the United States of America

No. of example	Average wages		Actual hours per week
	Per week	Per hour	
	Reichs-mark	Reichs-mark	
1.....	70.61	1.49	47
2.....	71.12	1.52	47
3.....	71.90	1.53	47
4.....	71.60	1.52	47
5.....	71.80	1.53	47
6.....	61.40	1.56	38
7.....	71.75	1.53	47
8.....	64.30	1.55	41½
9.....	73.00	1.55	47
10.....	71.12	1.51	47
11.....	69.93	1.49	47
12.....	71.22	1.52	47

1 reichsmark equal to 0.238 dollar.

DR. HERBERT HEINRICH WEND.

GERMAN EMPIRE,

Consulate of the United States of America, ss:

I, George P. Waller, consul of the United States of America, at Dresden, Saxony, Germany, duly commissioned and qualified, do hereby certify that on this 20th day of April, 1929, appeared before me Dr. Herbert Heinrich Wend, procurist, or legal representative, with power of signing for the firm of Wilhelm Vogel, Chemnitz, who after being duly identified, to my satisfaction, did swear to the truth of the foregoing statements and did sign the same in my presence.

Witness my hand and the seal of this consulate, this 20. h day of April, 1929.

GEORGE P. WALLER,

Consul of the United States of America, in Charge.

Proportion of general expenses to net weaving wages according to balance of books in 1928, of the firm of Wilhelm Vogel, Chemnitz

	Reichsmarks
Net weaving wages.....	915, 999. 11
Expenses:	
Factory expenses.....	1, 299, 202. 07
Selling expenses.....	909, 442. 57
Social taxes.....	119, 344. 48
State and municipal taxes.....	144, 114. 30
Amortization.....	94, 199. 45
Income tax (about 40 per cent of net profit).....	284, 000. 00

¹ 2, 850, 302. 87

One reichsmark equal to \$0.238.

DR. HERBERT HEINRICH WEND.

¹ Equals 311 per cent of net wages.

GERMAN EMPIRE,*Consulate of the United States of America, as:*

I, George P. Waller, consul of the United States of America, at Dresden, Saxony, Germany, duly commissioned and qualified, do hereby certify that on this 20th day of April, 1929, appeared before me Dr. Herbert Heinrich Wend, procurist, or legal representative, with power of signing for the firm of Wilhelm Vogel, Chemnitz, who after being duly identified, to my satisfaction, did swear to the truth of the foregoing statements, and did sign the same in my presence.

Witness my hand and the seal of this consulate, this 20th day of April, 1929.

GEORGE P. WALLER,
Consul of the United States of America, in Charge.

PILE FABRICS**[Par. 909]****STATEMENT OF HARRY S. RADCLIFFE, MONTCLAIR, N. J., REPRESENTING THE VELVET GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS, (Inc.)**

(The witness was duly sworn by Senator Bingham.)

Mr. RADCLIFFE. Gentlemen of the committee, the velvet group consists of over thirty established New York merchants engaged in the wholesale distribution of both domestic and foreign pile fabrics.

Senator BINGHAM. You are appearing in behalf of new paragraph 909?

Mr. RADCLIFFE. Yes, sir.

Senator BINGHAM. Did you appear before the House committee?

Mr. RADCLIFFE. I appeared before the House Ways and Means Committee. My testimony is found on page 5483.

Senator BINGHAM. What you are going to give us now is in addition to that testimony? -

Mr. RADCLIFFE. Yes, sir.

Senator BINGHAM. Very well.

Mr. RADCLIFFE. We appeared before the Committee on Ways and Means and made the following requests for changes in the present rate of 50 per cent:

First. "Manufactures made or cut from cotton pile fabrics, 55 per cent; cotton pile fabric, dyed, 45 per cent; cotton pile fabric, not dyed, at a duty rate below 45 per cent which will permit conversion in America."

Second. "That velvet ribbons, regardless of the component material of chief value, be dutiable at a rate not to exceed 50 per cent ad valorem when dyed, and that a rate be provided for velvet ribbons not dyed at a lesser rate."

We are unanimous in emphatically protesting against the proposed increase in duty rates for cotton velvets, velveteens, and cotton velvet ribbons from the present rate of 50 per cent to the proposed rate of 62½ per cent.

Senator SIMMONS. Do you make these products that you are protesting against?

Mr. RADCLIFFE. Cotton velvet ribbons, cotton velvets, and velveteens. We protest against the increase from 50 to 62½ on those items.

Senator SIMMONS. Do you produce those items that you are protesting against?

Mr. RADCLIFFE. No, sir. We are importers.

It is well known that the concerns for whom I speak stand for high protection of American industry, and have until this year refrained from any appearance in connection with tariff revision. We have accepted the extremely high rates for pile fabrics embodied in the Fordney-McCumber Act without protest, because at the time that law was adopted European currency was not stabilized. Since European currency has definitely returned to a stabilized condition, we feel that the present rates could, in fact, be slightly reduced without jeopardy to the domestic pile-fabric industries and to the benefit of the great American garment industry that is consuming increasing quantities of pile fabrics for the manufacture of cheap and moderate-priced wearing apparel.

Under market conditions as we know them to be increased rates are absolutely unwarranted for any type of cotton pile fabrics.

Nevertheless the Hawley bill does propose to increase the rate of duty for cotton pile fabrics, including pile ribbons, if velvets or velveteens, from 50 to 62½ per cent. A fair idea of the lack of necessity for such proposed increase may be gained from the fact that there are no domestic producers whatever of cotton velvet ribbons.

The domestic cotton pile-fabric industry is therefore not interested in pile ribbons and for other articles they have already the benefit of an effective embargo by the existing rates on cotton plushes, cotton velvets, corduroys, cotton velours, plain black velveteens.

Imports of these articles which form the most important items of large consumption in America are practically excluded by a rate of 50 per cent.

Yet a certain few American manufacturers stress the mere fact that imports have increased from \$727,134 in 1923 to \$2,727,084 in 1927. Our brief before the Committee on Ways and Means showed that this increase was due to an abnormal style demand for which the domestic industry was unprepared. As a matter of fact, these small imports are not at all detrimental to the domestic industry. Even the American producers are themselves partly responsible for increased imports as they have for the past few years imported large quantities of unfinished velveteens, for the simple reason that their own facilities of production were fully engaged and they needed supplemental supplies from abroad to satisfy their customers' requirements.

We find that 40 per cent of the velveteen exported by England in 1926 were gray goods sent to American manufacturers, and for last year 25 per cent of England's velveteen exports were imported by the American producers.

In spite of this situation, a few of the many American producers of cotton pile fabrics have chosen to represent themselves as "domestic velveteen manufacturers" and submitted a brief to the Committee on Ways and Means entitled "Brief of the Domestic Velveteen Manufacturers" regarding which one of their number, Mr. F. E. Richmond, made an oral statement before that committee.

We call to your attention that an increased rate for velveteens or other pile articles was neither suggested nor requested by them and that their recommendations were simply designed to indirectly provide

higher duties for twill weave velveteens of certain construction that they were interested in. A great portion of the testimony given by Mr. Richmond as well as the brief that he submitted is predicated upon approximations, deductions, conclusions, casual estimates of domestic production, and exaggeration of imports well calculated to deliberately mislead those unfamiliar with the situation.

That is a strong statement and is so intended. If my time permitted, I should amplify it. A very few illustrations may be desirable in support of my assertion.

For example, Mr. Richmond stated that they assumed practically all imports of cotton pile fabrics were velveteens, although he knew, or should have known, the statistics of imports included not only velveteens but corduroys, plushes, velvets, Terry-woven fabrics, velvet ribbons and manufactures of cotton pile fabrics, as well.

Again, Mr. Richmond stated that a certain popular domestic velveteen was sold at \$1.35 per square yard in competition with imported velveteen, with a "landed value" of \$1.14 per square yard.

The comparison of a "landed value" for imported goods with full "selling price" of domestic merchandise is deliberate misrepresentation. He knew that for fair comparative purposes there should be added to the "landed value" items representing cost of transportation, insurance, expenses overhead and a sum to represent the usual profit, and that a deduction of a 7 per cent cash discount from the selling price should be made. He knew that the cheapest imported velveteen in 34½ to 35 inches width was freely sold at \$1.42½ to \$1.45 per yard, and domestic manufacturers were underselling that very merchandise by offering a finer grade under similar conditions of domestic velveteen in 36-inch width at \$1.35 per yard; and since Mr. Richmond's brief was submitted one of the other two signers of that brief, an important domestic manufacturer, has even reduced his price for such merchandise from \$1.35 to \$1.27½ per yard.

The most pernicious feature of Mr. Richmond's statements is the very apparent attempt to lead Congress to believe that the value of velveteen imports had risen to a point equal to the domestic production of velveteens, and hence the domestic industry was in urgent need of additional protection.

To accomplish this end, he was not satisfied to take official import statistics for cotton pile fabrics, but in order to exaggerate the total value added a figure representing 50 per cent duty and stated that imports of velveteen amounted to \$4,090,626 for 1927, which is untrue.

His brief states that the value of the actual domestic production of plushes, velveteens, and corduroys amounted to \$50,232,297 for 1925, and that no official separate figures were to be had for the amount representing the value of velveteens alone.

He failed to say, however, that such figures were easily obtainable by the domestic producers from their own records. The strange method they actually adopted is found at page 5498 of the record, where they stated:

Assuming, however, the production in this part of the industry to be \$2,500 in value per person employed, there must have been about 20,000 wage earners employed in 1925 in the manufacture of cotton pile fabrics, of whom 1,600 were on velveteens.

Based upon such casual and unfounded estimates and deductions, they set forth that, in the opinion of the domestic manufacturers, the domestic velveteens produced were represented by only \$4,000,000 in value of the total of \$50,232,297 in value of all the domestic production of cotton pile fabrics. Of these unwarranted and false representations, additional protection for velveteens was requested of the Committee on Ways and Means for the cotton pile fabric industry.

The Committee on Ways and Means apparently believing that the situation was serious in the domestic industry have placed velveteens in a special classification at the rate of 62½ per cent, the highest rate in the entire cotton schedule, when, as a matter of fact had velveteens been classed as a countable cotton cloth a rate less than half that now provided would be proper.

Actually the basic fabric of velveteen and corduroys is comparable with such countable cotton cloths as moleskin and sateens.

While it is true that in the case of corduroys and velveteens there are certain additional operations required, yet we point out that the proposed duty rate of 62½ per cent for velveteens is sadly out of line with the rates provided for countable cotton cloths.

This point is graphically illustrated by reference to the official chart exhibited on the floor of the House by the Committee on Ways and Means in explanation of the proposed rates.

I have copies of that chart that we desire to submit.

(The chart referred to has been filed for the information of the committee.)

The vertical red line on this chart is drawn to show the point at which cloth with an average yarn number of 40, a liberal average number for velveteens, would intersect the diagonal lines that demonstrate progressively increased duty rates provided for countable cotton cloths.

It will be seen that this vertical line indicates that the rates for velveteen, if considered on the like basis with moleskin, would be 24 per cent if unbleached; 27 per cent if bleached, and 30 per cent if dyed or colored, instead of the rate of 50 per cent contained in the existing law or 62½ per cent proposed in the pending bill.

The chart demonstrates that velveteen has been placed in juxtaposition with colored cotton cloths containing silk or rayon and woven on Jacquard or multiple harness looms, but at the point provided for such cloths containing average yarn numbers in excess of No. 90 instead of at the point provided for cloths containing yarn not exceeding No. 40, its proper place.

Attention is called to the fact that it is incorrect to assess any cloth such as velveteen composed entirely of cotton yarns averaging No. 40, at the rate for cotton yarns No. 90 and over, even though, because of a special cutting and finishing process, it would appear desirable to place such an article in an unusually high classification.

Had a rate for velveteen and other cotton pile fabrics been established, having in mind that actual yarn number, the rate for colored and dyed velveteen would not have exceeded 45 per cent, the precise rate we recommended as a logical high protective duty rate to the Committee on Ways and Means.

A very important addition to our evidence has been contributed since the presentation of our brief to the said committee by the

Department of Commerce publication of the Census of Manufactures (Cotton Goods) for 1927, therein thoroughly substantiating our statements that the American manufacturers are, under the existing tariff rate, maintaining steady and satisfactory progress. These census figures demonstrate this point conclusively as they show a domestic production of plushes, velvets, and velveteens in the amount of \$45,710,213 for 1927 as compared with the sum of \$40,678,952 for 1925. As the domestic output for 1923 was valued at \$35,620,967, it will be seen that there has been a steady increase in the value of domestic production amounting to a gain of \$5,000,000 each 2-year period under existing tariff rates.

The separate census figures given for Corduroys and Terry-woven fabrics must be added to the statistics for plushes, velvets, and velveteens to show a total domestic output of those cotton pile fabrics covered by paragraph 910. This total was \$64,877,935 in 1923 compared with \$77,816,509 in 1927, an increase of \$13,000,000, and domestic plushes, velvets, and velveteens account for over \$10,000,000 of that increased production.

The activity and employment in our domestic industry together with the lack of actual foreign competition proves conclusively that there is absolutely no necessity for upward revision of the tariff rate, and we have in mind that portion of the President's message to this special session of Congress which reads:

It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease in employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial loss of employment may have resulted in shifts since that time.

Senator SIMMONS. Have you figures showing imports?

Mr. RADCLIFFE. Those are contained in our brief. I mentioned at in 1923 they were \$727,134 and in 1927 they increased to \$2,727,084.

We heartily agree with the President's statement of the tests to be applied before an increase in rates should be granted, and we submit that the full burden of proof is placed upon the domestic industry seeking an extension of the Fordney-McCumber levels of protective duties, to clearly present each of the elements required.

That the cotton pile fabric industry has not suffered any slackening of activity is shown by the undisputed increasing domestic production. The fact is just the reverse. This is conclusively established by reference to the official census published by the Department of Commerce.

The domestic cotton pile fabric industry is not only progressing in this country but is even building up an export business, mainly with Canada, and this in spite of preferential duty in favor of English-made merchandise.

That there is likewise not "a consequent decrease in employment due to such insurmountable competition" is readily demonstrated by a comparison of import and domestic production statistics revealing that the value of imports in 1923 was about 1½ per cent of the value of domestic production and for 1927 the ratio was less than 4 per cent of the value of the domestic production for 1927.

We respectfully submit that in the light of all the facts no increase whatever for cotton pile fabrics, whether plushes or velvets, velveteen or corduroys; velvet ribbons or Terry-woven fabrics, can be justified. Our opinion is that a 5 per cent decrease from the existing rate of 50 per cent should be made as recommended to the Committee on Ways and Means.

Senator SIMMONS. Mr. Radcliffe, I wanted to ask you if you could give us any information as to the export value of this unfinished cloth.

Mr. RADCLIFFE. The export value of the unfinished product?

Senator SIMMONS. Yes.

Mr. RADCLIFFE. It has not been imported a great deal by the importers.

Senator SIMMONS. I am talking about the things that you said were imported.

Mr. RADCLIFFE. The sateen cloth, or in the picker state?

Senator SIMMONS. Both.

Mr. RADCLIFFE. I think I could get that information.

With regard to information on gray goods, the preceding witness did not know where we got our information. We got that by cable from Manchester, and there is an affidavit certified by the American consul coming over in support of it. From the same source I think we can get authentic figures as to the value. I can not give them offhand.

Senator SIMMONS. Can you give us the domestic price of this product which is imported in the unfinished state?

Mr. RADCLIFFE. The domestic producers import it and then convert it themselves.

Senator SIMMONS. What do they pay?

Mr. RADCLIFFE. That is a figure I do not know. I can find that out for you.

STATEMENT OF WARD THORON, BOSTON, MASS., REPRESENTING NATIONAL ASSOCIATION OF COTTON MANUFACTURERS

(The witness was duly sworn by Senator Bingham.)

Senator SACKETT. Are you interested in this same schedule?

Mr. THORON. Yes, sir; 909, I think is the number.

Senator BINGHAM. Do you desire to be heard in opposition to the statements that have just been made?

Mr. THORON. Yes, sir.

Senator BINGHAM. Were you one of those who signed the brief referred to as inaccurate and untrue?

Mr. THORON. Yes, sir; and I want further to say that I will assume the whole responsibility for that brief, as I wrote it. I also want to say that I did not knowingly or intentionally misstate any fact in it.

Senator BINGHAM. In other words, as to the criticisms made of Mr. Richmond, you assume the responsibility for any inaccuracies?

Mr. THORON. Yes, sir.

I have no brief, because I only wanted to speak in order to correct any inaccuracies that Mr. Radcliffe might be guilty of.

Since the brief was prepared and filed certain data have been made public by the Government which make it possible to make certain estimates contained in that brief much more accurate than they were. However, they do not change the drift of the facts.

Our case is practically this: We are engaged in manufacturing velveteens and most of us are engaged in manufacturing other things as well. With reference to the company which I represent, about one-fifth of its business is in velveteens; a very small portion of its business in velours or plushes, as they call them; a substantial amount of its business in corduroys; a very substantial amount of its business in print cloths, and more in what we call fustian, khakis and cloths that go into workmen's garments.

We have been operating our mills for about 104 years. We have had to change from one thing to another as business changed.

We had a printing mill up to 1915. We had died as to that printing mill about 1885, but it took us all that time to find out we were dead, and since then, having decided we were dead, we proceeded to try to make other things. One of the things we turned to was velveteens and pile fabrics; and after spending a considerable number of years at it and investing a great deal of money in machinery, we are fairly successful at it.

The velveteen problem is substantially this: The manufacturers of velveteens have reached a stationary stage in their production. They are probably producing to-day just about what they were producing in 1923.

On the other hand, the domestic consumption of velveteens has increased enormously in that time, and the increase has been taken care of by foreign importations.

Senator BINGHAM. You did not mean to say that the increase had been wholly taken care of by foreign importations?

Mr. THORON. I should say, pretty nearly. The upper line on this chart represents for the last 10 or 12 years the volume of domestic production.

Senator SIMMONS. Can you give us that in figures?

Mr. THORON. Roughly, \$4,000,000 worth. The lower line represents the volume of imports of velveteens in competition with domestic production.

Senator SIMMONS. What are those figures?

Mr. THORON. In 1928, last year, and the one year we have the information for absolutely they were \$2,407,720 on which a duty of \$1,203,680 was paid, making a total displacement of domestic fabrics amounting to \$3,603,680.

Senator SIMMONS. The imports are a little more than half of the consumption?

Mr. THORON. A little less than half of the consumption.

Senator SIMMONS. I thought you said \$4,000,000 was the consumption.

Mr. THORON. No; \$4,000,000 domestic production. It is 48 per cent of the domestic consumption.

If those figures are worth anything—they are only worth something if the basis on which they are derived is sound. That basis has been criticized by Mr. Radcliffe.

In our brief we had no data to separate the volume of imports of velveteens from the imports of plushes and other pile fabrics, with the exception of Terry-woven fabrics. They were reported separately. I do not know what Mr. Radcliffe means in saying that I have swelled my figures by including Terry-woven fabrics. As far

as I can make out, I have taken the figures with the Terry-woven fabrics omitted.

I have two schedules here which were supplied me by the Tariff Commission, one with the Terry-woven fabrics included and one with the Terry-woven fabrics excluded, and I have just compared the figures in the brief which was filed, with those two schedules, and I find I did not have a lapse of mind; I left out the Terry-woven figures; and I hope Mr. Radcliffe is more accurate in his other statements than he was in that.

Senator SIMMONS. As I understood Mr. Radcliffe, he said that the American producer had been importing part of it in some form, possibly for the purpose of further processing.

Mr. THORON. Some of them have.

Senator SIMMONS. It is very important to know to what extent, because you have included imports—

Mr. THORON. Does that make any difference in the proposition? They import, I assume, simply because it is cheaper to import the cloth than to make it.

Senator SIMMONS. Only this, that they import them for further processing, and it swells the amount of imports. Why did you not produce those figures?

Mr. THORON. Personally we have never imported any except as a sample. I think the total imports we have made in 10 years amounted to 3,000 yards, 1,000 yards of each of the very best qualities of English velveteens made, which I wanted to experiment with to see whether I could not make them just as well and finish them just as well.

There are a number of manufacturers in business—I think there are five—that finish velveteens, who know how to finish them, do finish them and dye them. There are mills that weave the cloth that is finished and dyed but which do not finish it. Certain of the velveteen manufacturers buy, I think, all their cloth. They either buy it on the domestic market or import it from Europe, whichever is cheaper.

Another one I know makes a certain portion of his cloth himself, buys from domestic manufacturers the balance, and sometimes imports some besides.

Another one buys all his cloth from domestic manufacturers and does not import any. Two of us do not buy any cloth, but make all the cloth that we finish. That is about the way the thing is distributed.

Senator SACKETT. The preceding witness made the statement that the reason for imports of gray goods was that the domestic manufacturers were not able to keep up the necessary quantities to supply the market.

Mr. THORON. That is not correct as a general statement. Exceptionally, possibly, one of these men may have thought at the last moment that the demand was going to be larger and he did not have time to make the cloth himself or did not have time to get anybody else to make it for him here, and cabled to Manchester to find out whether there was a supply of cloth that he could get there, and got it. But I think probably 90 per cent of the cloth that is imported by these manufacturers, when they import any, is imported because it is cheaper than buying the domestic cloth.

The proposition which we have before us is this, that these imports have been rapidly increasing in the last three or four years.

I wanted to explain how the rest of my table was made up.

Having found that the imports in 1928 were 83½ per cent of the total imports of velvets, plush, and cotton pile fabrics, excluding only the Terry-woven fabrics which were already excluded, I then started to revise the figures in my brief, and instead of attributing the total importations of pile fabrics to velveteens, we knew that the bulk was velveteens, but did not know exactly how much. I have revised it and attributed only 83½ per cent of the imports to velveteen. It may not be that; but whether it is 60 per cent or 90 per cent in any given year, the drift of the story is substantially the same.

When it comes to the question of trying to find out what the domestic production is, that was much more difficult. The velveteen manufacturers are extremely suspicious of each other, and consequently on very bad terms, and if there is one thing you can not find out from them it is how much cloth they make. However, I told one of them whom I have always assumed to be the next largest manufacturer or merchandiser of velveteens, after our own mill, that I thought we had to, in order to make a case, try to find out how much was being made, and I said, "Now, I will tell you how much I make. You know how much you make, and you are more directly in the merchandising end of the business than I am"—because he is not only a velveteen manufacturer, but is very active in the New York market—I said, "Here is what I make. You know what you make and you know, probably, about how much is coming on the market"; and I said, "My guess is that if I double my production it will represent about the total domestic production."

He figured and figured. He never told me what his production was. He said, "I think you are high, but it fully covers it."

And the figures which I have given you on domestic production are just the double of our own sales each year excepting the last year when our sales were high, and I know the other sales were low, and it was left at the same figures as the year before. In fact, one of the others complained that his sales were off 40 per cent from 1923. Ours were a little higher than 1923; not much.

Anyhow, I am under oath, and that is my best guess at what the domestic production is, and it is on that basis that this comparison is made.

Senator SIMMONS. You admit that you import a quantity of these goods in an unfinished state, as I understand it?

Mr. THORON. I admit that at times some of my competitors have imported, but how much and what quantities I do not know. This gentleman seemed to know the quantities, but how he found it out God only knows.

Senator SIMMONS. What is the duty on this unfinished product you import as compared with the duty on the finished product that you make out of it?

Mr. THORON. It is exactly the same, 50 per cent. I do not know in what stage unfinished it was imported.

I might just mention the fact here that velveteen as a woven fabric is of the general character of what are known as sateens. Sateens have a base fabric, and on top of it is a loose floating thread which gives the peculiar sateen effect. In the ordinary sateen this

thread is not arranged in any order in which it would be possible to cut it, but in the case of corduroys and velveteens it is so arranged that after the cloth is woven these races can be picked up and the pile cut in half and then afterwards brushed up and operated on and then finished.

In corduroys the races are relatively few to the inch, and the cutting can be done satisfactorily mechanically. In the higher grades of velveteen where the races are very close together, the mechanical cutting of the races is not satisfactory. Some of my competitors cut mechanically. We do not. Our velveteens are all cut by hand except possibly one low grade of what they call slip goods that are first cousins of corduroys, really, and they are cut by hand. The cloth is put in a machine which rolls the cloth toward the operator who inserts a knife into the races, and the cloth rolls toward this knife until 110 yards have rolled, which is the length of the piece, and then she stops the machine, takes out the knife, and inserts it in the next race. In a 36-inch piece of cloth of moderate quality she repeats the operation 1,500 times to cut the whole thing across.

I would not trust my memory as to the length of time it takes to cut a piece of our 9,000, for example, but my impression is that it is a day and a half.

The difficulty in the operation is that unless the pile is cut exactly in the center you are going to have half of it stick up just a little higher than the other half, and you get a streak in the finished cloth that is known as the cutter's mark and is fatal to it.

These cutters have to be trained and they acquire great skill at it and do not slip up more than 30 per cent of the time, if that much; but there are apt to be considerable casualties there. It is particularly heartbreaking if, after having cut 1,400 races, on the 1,401 the knife trembles or gets a little dull and the whole piece of cloth is spoiled in consequence. So the wider your cloth gets the more danger you have.

Senator BINGHAM. What do you do in that case, when the cloth is spoiled in that way?

Mr. THORON. You grow philosophical and sell it at a reduced price, where it will do the least harm.

Senator BINGHAM. I am glad somebody gets philosophical.

Senator SIMMONS. You do not cut off much, do you?

Mr. THORON. The trouble is that streak runs right through the whole thing.

Senator SIMMONS. I mean, you do not reduce the price very materially, do you?

Mr. THORON. Well, it depends. Seconds sell for 10 per cent less than firsts.

Senator SIMMONS. The question I asked a while ago I want to get a little more light on. With reference to this unfinished product that you sometimes import, you say the duty on that is the same as on the finished product. What is the value of that unfinished product as compared with the value of the finished product?

Mr. THORON. That I could not tell you.

Senator SIMMONS. The market value I am talking about now. What do you sell it at? Suppose you produce the unfinished product. What does it sell at?

Mr. THORON. I could not tell you that.

Senator SIMMONS. Can you not approximate it?

Mr. THORON. No, sir; I do not think I could even guess.

Senator SIMMONS. You do not know what the American price of that product is?

Mr. THORON. I have so rarely sold it; and then it varies so much—

Senator SIMMONS. Part of it is produced here.

Mr. THORON. I do not buy cloth, and I am not familiar with that.

Senator SIMMONS. But you sell cloth. You ought to know.

Mr. THORON. I do not sell it in that state.

Senator SIMMONS. What is the price of the finished product?

Mr. THORON. It varies. A twill-back sells around \$1.37. With terms that amounts to 7 per cent of it it brings it down to, I think, about \$1.31. The plain backs—I do not carry the figures in my head—I think sell at either \$1 or \$1.05, I am not sure which.

There are two kinds of velveteens, one in which the foundation cloth or back is a twill which holds the pile very securely, and another in which it is plain weave in which the pile is not held so securely. One is called the plain back and the other is called the twill back. The plain back is distinctly inferior. It is not good for dresses; it is good for millinery and wear where there is not much friction.

I want to apologize. I am a lawyer by profession, which I have not practiced for 40 years, and a cotton manufacturer only 10 years old; and while I am the executive officer of a mill and know generally about everything concerning it, when it comes to details I do not know anything. In fact, I rather avoid knowing anything, because I find that when the executives undertake to tell their subordinates how to do their jobs they generally get them done very badly and the buck is passed. I rather insist on their producing results and doing their jobs. Of course, I am generally familiar with the processes.

Senator SIMMONS. I wish you could tell me approximately the price of the fabric that you import.

Mr. THORON. Personally I have never imported any.

Senator SIMMONS. You see the significance of that in connection with this problem. On the low-priced products an ad valorem duty is very little; it would not amount to very much. You generally want a specific duty if you can get it. But on a high-priced product the ad valorem is a very important thing.

Mr. THORON. Is it not the reverse?

Senator SIMMONS. I think not. The ad valorem rate on a small amount is not as much as the ad valorem rate on a large amount—

Mr. THORON. Yes—ad valorem; yes. You are right. I did not follow you correctly.

Senator SIMMONS. If the unfinished product is a very cheap thing as compared with the finished product, of course there is a vast difference.

Mr. THORON. But it is not. You can import the cloth either uncut or cut. If it is imported cut it is called picker. Then over here, when it comes cut, the remaining processes are dyeing and polishing. The cutting is much the most hazardous—I will not say possibly the most expensive—of the many processes that velveteens go through in finishing.

If the cloth is imported in the picker state the difference in price will not be very great between that and importing it dyed and

finished. If it is imported in the gray state, not cut, the spread will be larger. What the prices are I can not tell.

Senator SIMMONS. In which state is it generally imported?

Mr. THORON. I do not know. I never imported any. I should imagine that these gentlemen who all have cutting facilities would probably import it in the gray state and cut it themselves rather than import it in the picker state. A person who had no cutting facilities would import it in the picker state and try to dye it and finish it here. But I do not know of anybody who is capable of finishing velveteens who has not got the facilities and apparatus for cutting and everything else. It is a very complicated process.

We are told, and I suppose we may be justified in believing what we are told, that one of the principal items imported is the narrow cheap twill back, 22 or 21½ inches wide; and as has been explained to you by the previous speaker, the reason that it is imported is that the domestic manufacturers are not making it. I think one or two do make it, to a small extent.

I also know that they dislike making it very much, because they can not make any profit on it.

I also informed the previous speaker that I was ready now to take an order for a million yards of that cloth if he will give me a price which will show a profit; that the only reason I do not make that cloth is because I can not get a price for it that lets me out.

For the last 10 years at Lowell, with perhaps the exception of last year and this year when the automobile trade helped me out, we have had on an average 40 per cent of our looms idle all the time—idle not because they could not make the things, but because they could not make things at a profit. They had made things at a profit, but gradually the competition in our business has become so intense that I abandoned making the things. The risk is very great in manufacturing. I do not believe in manufacturing for fun; I do not believe it is fair to your stockholders; and when I can not make a thing at a profit I stop making it, even if the machinery is idle.

Senator SACKETT. Is that domestic competition to which you are referring?

Mr. THORON. Domestic competition as far as I know, yes. In fact, it is in all my lines except velveteens. I am not up against any foreign competition on anything else. I think probably velveteens and the goods that I have the pleasure of making down at Huntsville, Ala.—because I am a southern manufacturer as well as a northern manufacturer—and the upholstery that I am making for the automobile trade are about the only profitable things left. We do not like to see the business gradually ruined. We employ, north and south, about 4,000 people, and I assume that represents about 10,000 people dependent on them.

Senator SIMMONS. Do you manufacture velveteens in the South?

Mr. THORON. I have not been successful with velveteens down South. They have been made at Knoxville and are made in Georgia, also. Mr. Richmond has a mill down in Georgia, a small one, where he makes his gray cloth.

We have at Lowell a great many people idle—as well as looms idle—capable of making this kind of cloth; and the only thing that keeps us from employing some of those people and operating those

looms on that cloth is that we can not do so at a profit. In the meantime, even on the better grades which are still profitable, but less so, since this brief was filed we have been obliged to reduce our price in order to try to get some portion of the business which the foreigners were taking from us, and the result has been that in the first four months of this year our business has fallen off 30 per cent.

On the other hand, the imports are three times as large for the first four months of this year in velveteens.

Senator SIMMONS. Were those idle men engaged in making velveteens?

Mr. THORON. My mill, the part of it that is idle, was engaged in making velveteens and a great many other things; but I have gradually had to come from other things which are unprofitable to the things that are profitable when I see the imports coming in at that rate and we standing stationary. We are alarmed. Of course, velveteens are a question of fashion. You can have an active year like that [indicating the year 1920 on chart], followed by a year like that [indicating the year 1923 on chart]. This [indicating] is 1920, which was a boom year, and the jobbers so overbought that in the following year the velveteen manufacturers stayed out of the market in order to give the jobbers a chance to get rid of the stock which they had accumulated and had to pay for.

Senator BINGHAM. How much more time would you like? The committee would like to adjourn.

Mr. THORON. I think I have explained pretty generally my honesty in making that brief, and I am inclined to think that we will be glad to have the bill as reported by the House, passed. It is not what we asked for, but we think it will take care of about half the importations. The other half we do not think it will take care of.

**STATEMENT OF HORACE B. CHENEY, SOUTH MANCHESTER, CONN.,
REPRESENTING THE SILK ASSOCIATION OF AMERICA**

[Rayon pile velvet in chief value of cotton]

(The witness was duly sworn by Senator Bingham.)

Mr. CHENEY. I am here with reference to a new article which has only come up within the last few months. Prior to that time it did not exist. It had not become even an important article at the time that the House held its hearings. It has at this time become a very important article, and it promises to become one of the most important of all. It is rayon pile velvet with cotton of chief value. The cotton is of chief value only because of the fact that the cotton necessary for this purpose is very fine and very hard twisted.

Attached to each one of these [producing samples of the article referred to] is an analysis of the goods, showing what the cost of the cotton is and what the cost of the rayon is, and the balance which each one makes in the total cost of material. Three of the samples handed you are Cheney Bros. product made in imitation of or in competition with foreign articles; and this one [indicating] is the foreign article itself which is coming in at the present time.

Senator SIMMONS. What is the foreign article made of?

Mr. CHENEY. It is made of 140s and 160s cotton, I think, special, hard twisted, 30 turns to the inch, if I remember correctly.

May I glance at the analysis? [After referring to analysis.] It is made of 180s cotton ground warp, 98s edges, 72s cotton, and indicates a foreign cotton cost of 37 cents and a rayon cost of 27 cents. It is chiefly because of the two-cord 180s cotton, which is a very fine cotton and very expensive.

Senator SIMMONS. Where is the foreign article manufactured?

Mr. CHENEY. In Germany.

Senator BINGHAM. Is this what is called transparent velvet?

Mr. CHENEY. A cotton-backed transparent velvet. The original transparent velvet was all silk. That was almost immediately substituted by having a silk back and a cotton and rayon pile. That was quickly followed by cotton-backed rayon pile, and it is the cotton-backed rayon pile which is not provided for in any tariff.

The House bill has 62 per cent for ordinary cotton velvets made out of any kind of cotton and with no rayon in them. We reckon on a rate of 70 per cent for this which is the same rate that has been put upon rayon pile of chief value in the rayon schedule but which is really not, in our opinion, a sufficiently adequate rate to cover this. On the other hand, we feel that probably 70 per cent is as high as can politically be done to be acceptable. We can easily justify a rate as high as 100 per cent, but I do not expect that you will grant it.

Senator SACKETT. What is it paying now?

Mr. CHENEY. At the present time, under the cotton schedule, about 50 per cent. The House has fixed ordinary corduroys, and other things, at 62½ per cent.

Senator BINGHAM. Where should this go in, in paragraph 909 at the end of the paragraph?

Mr. CHENEY. Yes. It should be:

"Velvets: Cotton chief value, with a pile in whole or in part of rayon, 70 per cent."

Senator SIMMONS. Is it made both here and abroad out of the same material?

Mr. CHENEY. Approximately, sir. There is a great variety of these things. Everybody is striving to make a quality which will give them a slight advantage.

Senator GEORGE. What is the production in this country?

Mr. CHENEY. It is only just starting. It has been under way for perhaps four months, and there are no statistical figures yet available; but the material is being offered in considerable volume from abroad.

Senator GEORGE. It is just a new venture?

Mr. CHENEY. It is a new venture, but bids fair to take the place of the old one which is very big and a very important matter. Practically all the profit that there has been in the velvet industry in the last year has been made on transparent velvet; and that has not been any too great.

Senator SIMMONS. Do the imports amount to much at present?

Mr. CHENEY. No, sir. It is a new article. It has hardly more than just gotten under way.

Senator SIMMONS. I asked about imports. This is a new article here?

Mr. CHENEY. It is a new article abroad, also. It has not been in existence six months.

Senator SIMMONS. It is not generally used in this country?

Mr. CHENEY. It has only just begun to come into use.

Senator SIMMONS. But in the meantime have there been any importations from abroad?

Mr. CHENEY. Yes, sir; quite a number. We have imported some ourselves from abroad, and others have imported them. We imported them with the idea originally of trying to sell them rather than to make them ourselves, because it seemed improbable that we could compete with the prices that they offered abroad. We imported a couple of thousand yards of goods, and they have been imported by a great variety of people.

Senator BINGHAM. In other words, if you had an adequate duty on this it would help the unemployment problem?

Mr. CHENEY. What we are most afraid of is that this article coming in is going to knock out a much better article or a much more desirable article. We will have to resort to making this inferior article which we will find a very difficult competition even with the duty, perhaps.

Senator SIMMONS. They have brought enough of this article into this country to establish the price by which they can sell it at a profit in this country. You say you can not compete with that price?

Mr. CHENEY. That is true, yes; not with a 50 per cent duty.

Senator SACKETT. Would a 70 per cent duty be an embargo on this article?

Mr. CHENEY. By no manner of means. A hundred per cent would not be an embargo.

Senator SACKETT. So you will have to compete with it, anyway?

Mr. CHENEY. Yes; we will have to compete with it, but not quite so disastrously.

Senator SACKETT. How does it sell compared with the article that is now being used?

Mr. CHENEY. The price of that article is \$2.65 a yard, while the article which has been made, the regular transparent velvet, has been selling for \$4.50 a yard. It is really a serious matter.

Senator GEORGE. Has the regular transparent velvet a big volume?

Mr. CHENEY. Oh, yes. That is the only thing that the velvet business can make to-day.

Senator SACKETT. What would this increase in duty require it to be sold at?

Mr. CHENEY. The foreign price is \$1.60. The price in the United States is \$2.40, with expenses and discounts. That is the net price. The gross price is \$2.65.

Senator SIMMONS. That is the American price?

Mr. CHENEY. In the American market to-day.

Senator SIMMONS. Of the American product?

Mr. CHENEY. Of the foreign product.

Senator SIMMONS. And you say the price of the American article is what?

Mr. CHENEY. It has hardly got on the market yet. It has to be sold at the same price or not at all.

Senator SIMMONS. Have you made any experiments to determine whether you can produce that article and sell it in competition with this particular article?

Mr. CHENEY. These [indicating] are all goods made in America. They are our own goods, all except this one [indicating].

Senator SIMMONS. What does it cost you to produce that article?
Mr. CHENEY. I have not the full costs here. I will supply that information to the committee.

(Mr. Cheney subsequently submitted the following statement:)

The article referred to is a domestic article, manufactured by Cheney Bros., and the full particulars will be found in the information given under Exhibit No. 4 (02-113) which is a 39-inch transparent velvet. The price of the domestic article will be \$2.65 per yard. We estimate that the cost of producing this article abroad would be \$1.31, with the usual allowances of the tariff of 8 per cent for profit and 6 per cent for discount, or it would take a duty of 102.2 per cent to equal the price in this market of the domestic article.

The article, however, which is chiefly under discussion will be found in the following information under calculation 45-a, Exhibit No. 1. This is a foreign quality, manufactured in Germany, and actually imported into this country. We have had this material calculated for cost by our own experts, and by the expert of another domestic velvet manufacturer, the J. B. Martin Co. (Mr. Munz). We attach the calculations made by our firm and that made by Mr. Munz. We figure that the domestic price, with the usual 8 per cent profit and 6 per cent discount, would be \$3. Mr. Munz figures it \$2.93 in the United States. We figure the foreign cost would be \$1.34; he figures it to be \$1.42. Under our calculations a compensating duty would be 124 per cent; under his calculation a compensating duty would be 106 per cent.

The details of the two calculations are attached. We gave Mr. Munz the construction of the goods; all other details of the calculation were supplied by him, and were arrived at by an entirely different method of computation than that used by us, including the fact that all of our calculations are made on the basis of eliminating idle-machine expense.

We also at the same time telegraphed to Mr. Rossie, of the Rossie Velvet Co., without giving him any details as to quality, and asked him to supply us with an estimate of costs here and abroad of the cotton back transparent velvet such as was being imported into the country at the present time. Mr. Rossie's calculation, therefore, is not on the identical quality or qualities previously enumerated, but only on such quality as he himself happened to encounter in the market. He estimated by quite different methods than those used by either the J. B. Martin Co. or Cheney Bros.

COTTON CANDLE WICKS

[Par. 912]

STATEMENT OF FRANK P. ATKINS, REPRESENTING ATKINS & PEARCE MANUFACTURING CO., CINCINNATI, OHIO

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

Mr. ATKINS. Gentlemen, I will be brief, because I have these figures in my mind.

I am a manufacturer of cotton goods, engaged in manufacturing and selling. We are protected under the proposed bill, under paragraph 912, the particular product being cotton candle wicks.

The protection under the act of 1922 was 10 cents a pound, specific duty, and 12½ per cent ad valorem.

Senator BINGHAM. What have they given you?

Mr. ATKINS. Our present duty has been changed to 30 per cent specific, with no ad valorem. These figures, with the last available figures from English and Spanish manufacturers, will reduce our protection from about 15.8 cents a pound to 13 cents a pound, actually giving us 2 cents a pound less protection.

I was unable to appear at the hearings before the House committee, and I do not know why this change was made, but it is needless to say it was a great surprise to us, because we had intended to ask for an increase in our ad valorem duty.

Senator BINGHAM. Did you ask for anything in the House committee?

Mr. ATKINS. We did not.

Senator BINGHAM. Would you be satisfied if the specific duty was restored from 12½ per cent and was increased to 15 per cent, instead of 30 per cent as in the bill?

Mr. ATKINS. We would.

Senator GEORGE. You are speaking with reference to candlewicks?

Mr. ATKINS. Candlewicks in particular.

Senator GEORGE. That, I take it, covers more than that. That probably accounts for the rate fixed by the House, does it not?

Mr. ATKINS. Yes, sir. That has been in there in bill after bill, including the spindle banding, which is not at all like cotton candlewicking. Candlewicking is a specially prepared goods; but that covers the same thing.

Senator SIMMONS. You want it segregated now?

Mr. ATKINS. That is what I would like. I always have wanted it, because it is not comparable in any way; but it seems that they get into the habit of grouping things and they can not get away from it.

Senator GEORGE. So far as you know, it has been very well cared for by what you call exceptions?

Mr. ATKINS. Yes, sir; I know it has.

Senator BINGHAM. What about stove wicking?

Mr. ATKINS. I am not so familiar with that, although I think the requirements that it be made in the United States takes care of the elimination of imports.

Senator BINGHAM. Do they require a similar treatment to what is given candlewicks?

Mr. ATKINS. Not similar; no, sir.

Senator BINGHAM. So that you would be satisfied if candlewicking was taken out of that clause, and the clause left as the House wrote it, and candlewicking given 10 cents a pound and 15 per cent ad valorem?

Mr. ATKINS. Ad valorem duty; yes, we would be satisfied.

Senator SACKETT. What are the imports of candlewicks?

Mr. ATKINS. The imports are comparatively small. We are making our prices to-day—

Senator SACKETT. Are you making good on that?

Mr. ATKINS. No; that is why I am here to protest. We are losing money, and if that eventually prevails, we will be out of business.

Senator SACKETT. Are there any other people manufacturing it in this country?

Mr. ATKINS. Yes; there are three or four other manufacturers.

Senator SACKETT. Are they making or losing money?

Mr. ATKINS. Right now we are getting along. It is a specialized business. Where a big customer comes in, a firm using a large quantity of candlewicks comes in, we have to meet the foreign price. We are making no money, and are probably losing some; but on the specialities they come in in small lots.

Senator GEORGE. Are you a label manufacturer?

Mr. ATKINS. No, sir.

Senator GEORGE. I notice you are put down here under the heading "labels."

Mr. ATKINS. No; I am representing cordage and candlewicks particularly.

Senator GEORGE. What is the domestic production of candlewicks?

Mr. ATKINS. Domestic production I would say is around 250,000 or 300,000 pounds.

Senator GEORGE. Where is it made?

Mr. ATKINS. Principally in Cincinnati, by the firm I represent; and it is made in Providence, in Massachusetts, and in New York.

Senator BINGHAM. How many people do you believe to be employed in the industry of manufacturing candlewicking?

Mr. ATKINS. I should say it is not large. I should say it is, in the four firms, in the four establishments, 500 people.

Senator BINGHAM. Has this number been increasing or diminishing in the last five years?

Mr. ATKINS. It has been diminishing somewhat; not due to foreign competition, but due to the lack of the use of candles. The trade is generally going out.

Senator SACKETT. Have the imports been decreasing or increasing?

Mr. ATKINS. The imports have been just about the same. Before the war they were considerable, but during the war, of course, they were shut off and now we are quoting, as I say, against all large inquiries, the price at which the large buyer says that he can buy those goods, landed in New York.

Senator BINGHAM. Where do those come from?

Mr. ATKINS. Principally from England; some from Spain.

Senator BINGHAM. Are there any other questions?

Senator SACKETT. You have been getting along, and there is no increase of imports.

Senator BINGHAM. But there has been no evidence whatever of necessity for lowering the protection, and that is what the bill does.

Senator SACKETT. Nor for raising it. They are getting along very well as it is.

Mr. ATKINS. I can not understand it. Your rate was 10 and 12½, and it seems with a protection of 15⅔ cents on a 46-cent price. Now, the House, for some reason, changes it around—I suppose nobody appeared there—to single banding and stove wicks, and they give us a rate that reduces our protection 2 cents a pound.

Senator SACKETT. You do not want that?

Mr. ATKINS. We would be glad to have that rather than nothing; but I tell you the truth when I say that the price we are getting to-day meets the foreign competition, and we are merely trading dollars.

Senator BINGHAM. You are losing money?

Mr. ATKINS. We are losing money on the big orders we take.

Senator BINGHAM. Thank you.

COTTON LABELS

[Par. 912]

STATEMENT OF E. J. READING, NEW YORK CITY, REPRESENTING THE WOVEN LABEL MANUFACTURERS' GROUP, SILK ASSOCIATION

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

Senator BINGHAM. You are appearing in connection with paragraph 912?

Mr. READING. On the subject of cotton labels.

Senator GEORGE. Did you testify before the House Ways and Means Committee?

Mr. READING. Yes, sir.

Senator GEORGE. You were there, and testified?

Mr. READING. Yes.

Senator GEORGE. All right. I just wanted to know whether you testified or not.

Mr. READING. I appear on the subject of cotton labels only. This covers the manufacture of both silk and cotton labels.

Senator SACKETT. What schedule are you on?

Mr. READING. In the proposed act, paragraph 912, cotton; 913 in the 1922 act. These are the articles in question, cotton labels [indicating samples]. The representative of the silk association takes care of the silk labels.

The tariff act of 1922 gives us 50 per cent on cotton labels, but paragraph 901 (b) imposed a duty of 32 cents on the fine yarns that go to make up those labels.

As the proposed act now stands, paragraph 901 (b), the tariff on fine yarns would be 37 per cent.

The tariff act of 1922 did not afford an adequate protection—that is, the rate of duty did not—but the so-called mounting law, section 304, under a special provision, did afford a great deal of help. Now it is proposed, as the new act reads, to eliminate certain words from paragraph 304.

At the present time it is required that each article must be marked with the country of origin, in a manner that can not be covered or obscured by subsequent attachments or arrangements.

It is proposed to omit those words, that it shall not be covered or obscured, which, so far as labels are concerned, would invalidate the act.

We like to think that it was the intent of Congress to show to the eventual consumer the country of origin of the articles that they were buying. If you look up the Government statistics on imports, you will find that the imports are very small, due to the fact that the importer of labels brings in his goods in packages of less than \$100 in value. The Government does not record such statistics. I have a copy of a letter from the customhouse attached to my brief, showing that they do not, and have not done it.

We have shown in this brief German labels, to which we have added 90 per cent duty on a two-colored label on which the imported selling price, allowing a profit, comes to \$10.28 per unit. The United States cost of manufacturing the same label comes to \$10.71, no profit added.

In the case of one-color labels, the comparison is \$4.71 selling price of the German label at a profit in this country, as against 5.56 cents cost of the American article without any profit.

Senator GEORGE. You represent the manufacturers of these labels?

Mr. READING. Yes.

Senator GEORGE. Do they manufacture these labels only, or is it simply one line of their business?

Mr. READING. Their line is limited almost exclusively to labels. About one-half of that is silk, and half cotton.

Senator GEORGE. Your manufacturers manufacture this one line of merchandise?

Mr. READING. Yes. There is an occasional exception where they manufacture trimmings or something else.

Senator GEORGE. That is the chief business?

Mr. READING. Positively.

Senator BINGHAM. You are asking what specific changes in the wording of the bill?

Mr. READING. We ask to be transferred from the cotton schedule to the sundry schedule. That is paragraph 1430 in the act of 1922. The Ways and Means Committee put it out as 1530, but before it left the House it became 1529; the first section of that paragraph calling for trimmings and such things.

Senator BINGHAM. You would like to be transferred to 1529; is that it?

Mr. READING. Yes; section (a).

Senator BINGHAM. May I suggest that this subcommittee has no authority over 1529, and that in my opinion what you should do is to go before the sundries committee and ask them to change their schedules, because if they request it, if they think it belongs there, I do not believe there would be any objection on the part of this subcommittee to having it go out; but we would have no authority to say that this should go out of our schedule, and to force it into another schedule.

Mr. READING. I will communicate with that subcommittee.

Senator BINGHAM. You may proceed.

Mr. READING. On the basis of 90 per cent, we are figuring that the marking law is lost to us, and on the basis of 90 per cent, it would give us not quite as much protection as the marking law has given. We have to-day 75 per cent of the American label business, and we estimate 25 per cent of it is imported. Without an adequate protection, all that we can hope to get is the small orders. A retailer wants an order of a thousand shirts for delivery next week. He can not wait to send to Europe for those labels.

Furthermore, the European manufacturers do not care for small orders.

Now, we can only depend on holding this business, but that business is mostly seasonal, with the result that there are in-between seasons when we have very little to do, and yet we can get some of the big business. When I say "big business," I mean an order of 100,000 labels up. That is what we are trying to get. We have got it now. We have about one-half of the big business to-day, and we would like to retain that. If the marking law is lost to us, and we do not get a considerably increased duty, we will be able to hold but a very little of the large orders.

Senator BINGHAM. Will you explain again what you mean by the marking law?

Mr. READING. Section 304 has a special provision which requires that every imported article shall be marked with the country of origin in a conspicuous place, which shall not be covered or obscured by subsequent attachments or arrangements.

Senator GEORGE. And that is eliminated in this bill?

Mr. READING. As the act now stands some of those words have been eliminated.

Senator BINGHAM. That is on page 329.

Senator GEORGE. That is not in our schedules; 329?

Senator BINGHAM. No; it is an administrative provision.

Senator GEORGE. An administrative provision, and not included in our schedule?

Senator BINGHAM. No; it relates to the marking of imported articles.

It would appear from the present wording of section 304 that every article is to be marked. How do you explain that fact?

Mr. READING. But it does not require that the marking be retained as to that. In other words, it would probably be a sufficient compliance with that wording if the article was marked on the back, where it would never be seen after it was attached to the garment; or they could mark on the end and turn it under.

Senator BINGHAM. That is the law at present—that labels must be marked plainly.

Mr. READING. And not be covered or obscured.

Senator BINGHAM. That section will apply to this.

Mr. READING. Yes. The law requires that a label shall be marked with the country of origin, other than the United States of America. It is not necessarily a detriment by any means. I think a great many men would sooner buy a man's garment with "England" on it than they would with some other country. In the case of women's garments, I think they would rather like "France."

Senator SACKETT. The difference here is that in the old law it says it should be marked in a conspicuous place, and shall not be covered or obscured by any subsequent attachment or arrangement?

Mr. READING. That is it.

Senator SACKETT. And that is left out of this bill?

Mr. READING. That is it.

Senator BINGHAM. That is the present law; and that being left out of this bill, your protection——

Mr. READING. Is gone.

Senator BINGHAM. Is gone; and you fear that the foreign competition will wipe out your business?

Mr. READING. Yes.

Senator BINGHAM. Would it meet your case if that wording was restored?

Mr. READING. Yes.

Senator BINGHAM. Then you would not ask for an increase in duty?

Mr. READING. No.

Senator GEORGE. Section 304 now provides that it be marked in accordance with such regulations as the Secretary of the Treasury may provide.

Senator BINGHAM. But it does not require it.

Senator GEORGE. No, but it gives full authority to the Secretary of the Treasury to require the marking in any way that he may direct. The power is there; but the absolute assurance to the manufacturers that these manufacturers wish is not carried.

Senator BINGHAM. Personally, I should prefer that it be according to a law of Congress rather than a regulation.

Senator GEORGE. So do I.

Mr. READING. Let me explain, in that connection there has been some form of marking law in every tariff until 1890. Not until 1922 was it put in such form that it was workable. All these years such a marking, with a similar wording as this, was required, but never enforced.

The 1922 act made it possible to enforce it, and the customs court did enforce it.

Senator GEORGE. Mr. Reading, as I understand it, you represent the manufacturers of these markers?

Mr. READING. Yes, sir.

Senator GEORGE. You buy your yarns, do you not?

Mr. READING. Yes.

Senator GEORGE. Where do you buy them, mostly?

Mr. READING. Most of them abroad.

Senator GEORGE. You buy most of them abroad. You get an increase of duty and the yarn manufacturer wants an increase of duty and you want an increase of duty. There will not be any end to it, will there?

Mr. READING. Therefore we say, if you will let us have the marking law, there will be no increase of duty asked.

Senator GEORGE. Yes. I would much rather give you the marking law, so far as I am concerned.

Senator BINGHAM. You will be satisfied to have the present law retained?

Mr. READING. Yes.

Senator BINGHAM. Is there anything in the House hearings on this subject to show why the Ways and Means Committee went back to the old plan?

Mr. READING. No. The explanation printed does not cover that point at all.

Senator BINGHAM. Is there anything in the House hearings; did anyone appear in favor of the change of the law?

Mr. READING. Not that I know of.

Senator BINGHAM. Would you like to have your brief printed just as it is?

Mr. READING. It is immaterial.

(Mr. Reading submitted the following brief:)

BRIEF OF WOVEN LABEL MANUFACTURERS' DIVISION THE SILK ASSOCIATION OF AMERICA (INC.)

Cotton woven labels have received no consideration in the proposed tariff act. On the contrary, the rate on our raw product is being increased without our being granted any compensatory duty. Furthermore, the marking law in its changed form gives us absolutely no protection and nullifies the decision of the United States Court of Customs Appeals (T. D. 40964) which afforded us more actual protection than the 50 per cent ad valorem duty given us under the 1922 tariff act. It was with the 1922 marking law in mind that, in our original and supplementary briefs submitted to the Committee on Ways and Means, we asked only for 55 per cent ad valorem with a compensatory duty to cover the duty we pay on the fine imported cotton yarns which we use, and an additional 5 per cent for additional color of design. It is proposed to increase the rate on the imported cotton yarns from 30 to 37 per cent ad valorem (par. 901 b), and this rate may be further increased when the bill reaches its final form. The 5 per cent we asked to cover extra color is for extra labor required in this class of weaving, the finest and most laborious work any loom can produce.

Government statistics for 1923 show that the importation of cotton woven labels reached \$218,295. It is to be remembered, however, that Government statistics do not include shipments of less than \$100,¹ and we estimate that in 1923 the labels imported in small packages amounted approximately to as much as those imports included in the Government statistics. The following figures show what these statistics mean when translated into American selling prices.

1923 imports.....	\$218, 295
50 per cent duty.....	109, 147
	327, 442
10 per cent import expenses.....	32, 744
	360, 186
20 per cent office expense, selling expense, and profit.....	72, 037
	432, 223
Minimum American selling price of cotton labels included in Government statistics.....	432, 223
Estimated value of small packages, not included in Government statistics.....	432, 223
	864, 446
Estimated total value of imports, 1923.....	864, 446

Of the total cotton labels consumed in this country, which we now estimate to be \$4,000,000, about half of the business is made up of large orders running from a hundred thousand labels into the millions. The half that is made up of small lots—i. e., a few thousand each—is mainly seasonal business. For example, a shirt manufacturer gets an order for 1,000 shirts to bear the name of the retailer making the purchase, the shirts to be delivered the following week. Such orders can not be placed abroad for lack of time. Furthermore, the foreign manufacturers refuse to accept small orders. The large orders, running into the millions of labels, keep looms operating the year round. They are not for immediate delivery; and it is those orders that our industry depends upon to keep our looms running in the slack seasons.

Government statistics show that importations of cotton labels steadily decreased after 1923. There are two chief reasons for this. First, the professional label importers discovered that it was convenient and eliminated broker's fee to bring in their shipments by parcel post in packages of less than \$100 in value and by so doing the Government did not compile statistics of their importations. Our industry is of such a nature that small shipments are entirely feasible. For example, if an order for 1,000,000 labels is placed at a price ranging from \$2 to \$2.50 a thousand, deliveries to be spread over a period of a year, numerous shipments of \$99 each (foreign value) make it very easy to supply the customers' needs.

Second, in 1924 it was discovered that labels were coming in not marked with the country of origin, and on the plea of the Artistic Weaving Co., a domestic manufacturer of woven labels, the United States Court of Customs Appeals delivered an opinion in June, 1925 (T. D. 40964) which enforced the marking law (sec. 304, tariff act of 1922) so far as woven labels were concerned, requiring that the marking of the country of origin should be permanent and not covered or obscured by subsequent attachments or arrangements. This enforcement of the law gave domestic manufacturers an opportunity to share in the larger orders mentioned above. This share now amounts to about 50 per cent of that larger business. The proposed new tariff act, however, omits the provision that the marking shall be permanent and not covered or obscured as mentioned.

In Exhibits D, E, F, and G, attached are shown actual calculations of European and American costs. Following is a brief comparison:

¹ See Exhibit C, showing we were unable to secure statistics of labels imported in small packages.

EXHIBIT D

European cost of production per 100 yards

	Cost	Per cent
Material.....	\$0.70	40.94
Labor.....	.52	30.40
Waste.....	.06	3.51
Management expenses ¹.....	.23	13.45
Selling expenses ¹.....	.20	11.70
	1.71	100.00

EXHIBIT E

United States cost of production per 100 yards

	Cost	Per cent
Material.....	\$1.02	18.34
Labor.....	2.40	43.17
Waste.....	.17	3.06
Management expenses ¹	1.04	18.70
Selling expenses ¹.....	.93	16.73
	5.56	100.00

EXHIBIT F

European cost of production per 100 yards

	Cost	Per cent
Material.....	\$1.80	48.28
Labor.....	.99	26.54
Waste.....	.14	3.75
Management expenses ¹.....	.42	11.28
Selling expenses ¹.....	.38	10.19
	3.73	100.00

EXHIBIT G

United States cost of production per 100 yards

	Cost	Per cent
Material.....	\$2.46	22.97
Labor.....	4.37	40.80
Waste.....	.33	3.08
Management expenses ¹	1.88	17.55
Selling expenses ¹	1.67	15.60
	10.71	100.00

¹ Management and selling expenses percentages are not based on the selling price of the article but on the direct factory labor.

Please note the difference in material costs and labor costs. The difference in material is due to the duty we pay on the fine English yarns which must be imported.

As to the difference in labor costs, our brief summary shown above explains this. You undoubtedly have figures of your own that will support our statements. In this connection it should be noted that the term "waste" represents wasted material and resultant wasted labor. If the benefits of the existing marking law are to be lost by our industry, it is manifest that we will need a duty of

at least 90 per cent ad valorem in order to retain 75 per cent of the cotton label sales of this country. The following figures offer a comparison between the prices at which European labels can be sold at a profit in the United States and the prices at which domestic labels can be sold here without profit included.

European cost of production.....	\$1. 71
10 per cent profit for German manufacturer.....	. 17
	<hr/>
	1. 88
90 per cent duty requested.....	1. 69
	<hr/>
	3. 57
10 per cent importing expenses.....	. 36
	<hr/>
	3. 93
20 per cent importer's office expense, selling expense, and profit.....	. 78
Importer's selling price in United States, including profit.....	4. 71
United States manufacturer's cost without profit (see Exhibit E).....	5. 56
	<hr/>
European cost of production.....	3. 73
10 per cent profit for German manufacturer.....	. 37
	<hr/>
	4. 10
90 per cent duty requested.....	3. 69
	<hr/>
	7. 79
10 per cent importing expenses.....	. 78
	<hr/>
	8. 57
20 per cent importer's office expense, selling expense, and profit.....	1. 71
Importer's selling price in United States, with profit.....	10. 28
United States manufacturer's cost without profit (see Exhibit G).....	10. 71

It is unfortunate that cotton woven labels were originally put in paragraph 913 (tariff act of 1922). The woven goods enumerated in that paragraph are almost entirely made on plain or shaft looms. Our woven labels are made on Jacquard looms, and the greatest item of cost is labor.

Paragraph 1430 of the 1922 tariff act contains items similar to ours and made on identically the same kind of loom. Therefore, we respectfully ask that cotton woven labels be taken out of paragraph 912 of the proposed tariff act and included in paragraph 1530 A and be dutiable at 90 per cent ad valorem. Permit us to suggest the following phraseology for the new tariff act, to cover cotton woven labels: "Labels for garments or other articles, wholly or in chief value of cotton or other vegetable fiber, 90 per cent ad valorem."

Respectfully submitted.

AMERICAN SILK LABEL MANUFACTURING Co.
 ALKHN SILK LABEL Co. (INC.).
 ARTISTIC WEAVING Co.
 CENTURY WOVEN LABEL Co. (INC.).
 EMPIRE STATE SILK LABEL Co.
 HERCULES WOVEN LABEL Co.

E. H. KLUGE WEAVING Co.
 THE NATIONAL WOVEN LABEL Co.
 PREMIER WOVEN LABEL Co.
 G. REIS & BRO. (INC.).
 UNITED STATES WOVEN LABEL Co.
 UNIVERSAL LABEL WEAVING Co.
 WARNER WOVEN LABEL Co.

Attest:

E. J. READING,
 Recording Secretary Woven Label Manufacturers' Division of
 the Silk Association of America (Inc.),
 468 Fourth Avenue, New York, N. Y.

EXHIBIT C

TREASURY DEPARTMENT,
BUREAU OF CUSTOMS,
Washington, December 5, 1928.

Mr. E. J. READING,
Recording Secretary, The Silk Association of America (Inc.),
New York, N. Y.

SIR: Receipt is acknowledged of your letter of November 20, 1928, relative to the compilation of statistical information on importations less than \$100 in value. The matter of furnishing this information to the Department of Commerce is now being considered. When a conclusion is reached, you will be advised.

By direction of the commissioner:
Respectfully,

G. H. GRIFFITH, Chief of division.

EXHIBIT D

Woven label cost calculation sheet—German production

COTTON HANGERS, 1 COLOR; WIDTH, 5/8 INCH; JANUARY 19, 1929

COMPOSITION

Construction	Thread	Ply	Material	Denier or dram	Dye	Color
Ground warp, 96 ends.....	140/2	Single...	Cotton.....			Blea.
Edges, 8 ends.....	140/2	Double.....	do.....			Do.
Ground filling, 96 picks per inch.....	70/1	Single.....	do.....			Do.
Letter filling, 96 picks per inch.....	60/2	do.....	do.....		Fast.....	T. red

Ends warped.....	112
Ends twisted.....	104

CALCULATION OF MATERIAL

	Material required				Pounds required per 100 yards	Price of material per pound	Material cost
	Yards	Loss	Yards	Total yards			
Ground warp, 110 yards X 96 ends.....	10,560	4	422	10,982	0.187	\$1.93	\$0.36
Edges and binders, 110 yards X 16 ends.....	1,760	4	70	1,830	.031	1.15	.04
Ground filling, 96 picks X 100 yards X 5/8 inch full.....	6,000	7	420	6,420	.109	1.41	.15
Second shuttle, 96 picks X 100 yards X 5/8 inch X 60 per cent design.....	3,600	7	252	3,852	.153	.98	.15

PRODUCTIVE LABOR AND EXPENSE

Winding ground warp, figure warp, edges and binders, 0.218 pound, at \$0.04 per pound.....	\$0.01
Winding ground filling, 0.109 pound, at \$0.04 per pound.....	.01
Winding letter filling, 0.153 pound, at \$0.03 per pound.....	.01
Quilling ground filling, 0.109 pound, at \$0.08 per pound.....	.01
Quilling letter filling, 0.153 pound, at \$0.05 per pound.....	.01
Warping 110 yards X 112 ends, at \$0.02 per 100 yards (per 100 yards).....	.02
Twisting 104 ends, at \$0.03 per 100 = \$0.03 + 6.....	.01
Weaving at \$0.11 per yard for 63 spaces.....	.17
Total.....	.25
Mill expense 100 per cent of productive labor.....	.25
Total.....	.50
Cost per 100 yards.....	1.20
Add 5 per cent for loss.....	.06
Total factory cost:	
Per 100 yards.....	1.26
Per 100 meters.....	1.39

EXHIBIT E

Woven label cost calculation sheet—United States production

COTTON HANGERS, 1 COLOR; WIDTH, ¼ INCH; JANUARY 19, 1929

COMPOSITION

Construction	Thread	Ply	Material	Dye	Color
Ground warp, 96 ends.....	140/2	Single.....	Cotton.....	.....	Bleached.
Edges, 8 ends.....	140/2	Double.....	do.....	.....	Do.
Ground filling, 96 picks per inch.....	70/1	Single.....	do.....	.....	Do.
Letter filling, 96 picks per inch.....	60/2	do.....	do.....	Fast.....	T. red.

Ends warped.....	114
Ends twisted.....	102

CALCULATION OF MATERIAL

	Material required				Pounds required per 100 yards	Price of material per pound	Material cost
	Yards	Loss	Yards	Total yards			
Ground warp, 110 yards × 96 ends.....	10,560	4	422	10,982	0.187	\$2.60	\$0.49
Edges and binders, 110 yards × 16 ends.....	1,760	4	70	1,830	.031	2.60	.08
Ground filling, 96 picks × 100 yards × ¼ inch full.....	6,000	7	420	6,420	.109	1.90	.21
Second shuttle, 96 picks × 100 yards × ¼ inch × 60 per cent design.....	3,600	7	252	3,852	.153	1.55	.24

PRODUCTIVE LABOR AND EXPENSE

Winding ground warp, figure warp, edges and binders, 0.218 pound, at \$0.15 per pound.....	\$0.03
Winding ground filling, 0.109 pound, at \$0.15 per pound.....	.02
Winding letter filling, 0.153 pound, at \$0.12 per pound.....	.02
Quilling ground filling, 0.109 pound, at \$0.25 per pound.....	.03
Quilling letter filling, 0.153 pound, at \$0.18 per pound.....	.03
Warping, 110 yards × 112 ends, at \$0.05 per 100 yards per 100 ends.....	.06
Twisting 104 ends, at \$0.10 per 100 = 0.10 ÷ 6.....	.02
Weaving, at \$0.60 per yard for 63 spaces, equals (per 100 yards).....	.95
Total.....	1.16
Mill expense 100 per cent of productive labor.....	1.16
Total.....	2.32
Cost per 100 yards.....	3.34
Add 5 per cent for loss.....	.17
Total factory cost:	
Per 100 yards.....	3.51
Per 100 meters.....	3.86

EXHIBIT F

Woven label cost calculation sheet—German production

COTTON LABELS, 2 COLORS; WIDTH. 1¼ INCHES; JANUARY 19, 1929

COMPOSITION

Construction	Thread	Ply	Material	Denier or dram	Dye	Color
Grand warp..... 232 ends..	140/2	Single...	Cotton..	.....	.....	Blea.
Edges..... 16 ends..	80/2	do.....	do.....	.....	.....	Do.
Ground filling..... 96 picks per inch..	70/1	do.....	do.....	.....	.....	Do.
Letter filling..... do.....	60/2	do.....	do.....	.....	Fast..	T. red.
Do.....	60/2	do.....	do.....	Merc..	do.....	Blue.

Ends warped..... 248
 Ends twisted..... 248

CALCULATION OF MATERIAL

	Material required				Pounds required per 100 yards	Price of material per pound	Material cost
	Yards	Loss	Yards	Total yards			
Ground warp, 110 yards X 232 ends.....	25,520	P. c. 4	1,021	26,541	0.451	1.93	\$0.87
Edges and binders, 110 yards X 16 ends.....	1,760	4	70	1,830	.054	1.15	.06
Ground filling, 96 picks X 100 yards X 1¼ inches full.	12,000	7	840	12,840	.218	1.41	.31
Second shuttle, 96 picks X 100 yards X 1¼ inches X 60 per cent design.....	7,200	7	504	7,704	.306	.98	.30
Third shuttle, 96 picks X 100 yards X 1¼ inches X 40 per cent design.....	4,800	7	336	5,136	.204	1.30	.26

PRODUCTIVE LABOR AND EXPENSE

Winding ground warp, figure warp, edges and binders: 0.505, pounds at \$0.04 per pound.....	\$0.02
Winding ground filling: 0.218, pounds at \$0.04 per pound.....	.01
Winding letter filling: 0.510, pounds at \$0.03 per pound.....	.02
Quilling ground filling: 0.218, pounds at \$0.08 per pound.....	.02
Quilling letter filling: 0.510, pounds at \$0.05 per pound.....	.03
Warping 110 yards X 248 ends, at \$0.02 per 100 yards per 100 ends.....	.05
Twisting 248 ends, at 0.03 per 100=\$0.07+6.....	.02
Weaving, at \$0.07 per yard for 23 spaces equals (per 100 yards).....	.80
Total.....	.47
Mill expense 100 per cent of productive labor.....	.47
Total.....	.94
Cost per 100 yards.....	2.74
Add 5 per cent for loss.....	.14
Total factory cost:	
Per 100 yards.....	2.88
Per 100 meters.....	3.18

EXHIBIT G

Woven label cost calculation sheet—United States production

COTTON LABELS, 2 COLORS; WIDTH, 1¼ INCHES; JANUARY 19, 1929

COMPOSITION

Construction	Thread	Ply	Material	Denier or dram	Dye	Color
Ground warp, 232 ends.....	140/2	Single...	Cotton.....			Bles.
Edges, 16 ends.....	80/2	do.....	do.....			Do.
Ground filling, 96 picks per inch.....	70/1	do.....	do.....			Do.
Letter filling, 96 picks per inch.....	60/2	do.....	do.....		Fast	T. Red.
Do.....	60/2	do.....	do.....	Merc.	do.....	Blue.

Ends warped.....	248
Ends twisted.....	248

CALCULATION OF MATERIAL

	Material required				Pounds required per 100 yards	Price of material per pound	Material cost
	Yards	Loss	Yards	Total yards			
Ground warp, 110 yards×232 ends.....	25,520	4	1,021	26,541	0.451	\$2.60	\$1.17
Edges and binders, 110 yards×16 ends.....	1,760	4	70	1,830	.054	1.50	.08
Ground filling, 96 picks×100 yards×1¼ inches full.....	12,000	7	840	12,840	.218	1.90	.41
Second shuttle, 96 picks×100 yards×1¼ inches×80 per cent design.....	7,200	7	504	7,704	.306	1.55	.47
Third shuttle, 96 picks×100 yards×1¼ inches×40 per cent design.....	4,800	7	336	5,136	.204	1.60	.33

PRODUCTIVE LABOR AND EXPENSE

Winding ground warp, figure warp, edges, and binders: 0.505 pounds, at \$0.15 per pound.....	\$0.08
Winding ground filling: 0.218 pounds, at \$0.15 per pound.....	.03
Winding letter filling: 0.510 pounds, at \$0.12 per pound.....	.06
Quilling ground filling: 0.218 pounds, at \$0.28 per pound.....	.06
Quilling letter filling: 0.510 pounds, at \$0.18 per pound.....	.09
Warping, 110 yards×248 ends, at \$0.05 per 100 yards per 100 ends.....	.12
Twisting 248 ends, at \$0.10 per 100 = 0.25+6.....	.04
Weaving, at \$0.37 per yard for 23 spaces equal (per 100 yards).....	1.61
Total	2.09
Mill expense, 100 per cent of productive labor.....	2.09
Total	4.18
Cost per 100 yards.....	6.64
Add 5 per cent for loss.....	.33
Total factory cost:	
Per 100 yards.....	6.97
Per 100 meters.....	7.67

STATEMENT OF GEORGE H. GOLDENBERG, NEW YORK CITY,
REPRESENTING IMPORTERS OF WOVEN LABELS

(The witness was duly sworn by Senator Simmons.)

Senator SACKETT. What section do you refer to?

Mr. GOLDENBERG. Mr. Chairman and members of the committee, I am speaking on the woven-label group, paragraph 913 of the 1922 act, as a member of the National Council of Importers.

Senator GEORGE. What is it you want to be heard on?

Mr. GOLDENBERG. Woven labels. I submitted a brief to the House committee.

Senator SACKETT. Labels is paragraph 912.

Mr. GOLDENBERG. Nine hundred and twelve; I beg your pardon.

Senator SACKETT. Yes. This reads, "labels for garments or other articles, composed wholly or in chief value of cotton or other vegetable fiber." Is that it?

Mr. GOLDENBERG. Yes, sir.

Senator SACKETT. That is 912. What do you want us to do?

Mr. GOLDENBERG. I have not prepared a brief for this, inasmuch as I had already submitted a brief at length to the Committee on Ways and Means of the House.

The chairman of the House committee, Mr. Hawley, stated in the press that this revision was necessarily due, owing to changed conditions.

Now, there is something very important regarding my line, which I did not include in the brief I presented to the Committee on Ways and Means, and it is this. Since the last act was written, there has been a machine built by a large Philadelphia concern, called the Fletcher-Wirt, which has revolutionized the business of label making. This machine will turn out from two to three times as many labels as an ordinary German machine does, and especially has it been the means of foreign manufacturers not being able any more to compete with the domestic merchandise.

The statistics for imports, in which this committee no doubt is very much interested, are as follows: I might say, first, for the information of the committee, that the consumption of woven labels in this country is practically in the cotton industry, that is cotton woven labels, about \$8,000,000 per year. That is, the imports of 1921 amounted to \$23,000. In 1922 they amounted to \$30,000, in 1923 to \$28,000, in 1924 to \$39,000, in 1925 to \$45,000, in 1926 to \$13,000, in 1927 to \$7,000, in 1928 to \$5,000. I have given these statistics in round figures.

Senator GEORGE. Those are imports?

Mr. GOLDENBERG. Imports; and those figures have been supplied to me by the Department of Foreign Commerce, and are Government statistics.

Gentlemen, I need not say anything further in connection with my line of merchandise, that it is less than 1 per cent. It is one-sixteenth of 1 per cent.

I have asked for a rate of duty of 75 per cent. The importers who were in my line have been practically driven out of business. I am sure it is not the intent of Congress to pass a law to deprive a man of legitimate business.

Senator SIMMONS. You are an importer?

Mr. GOLDENBERG. Yes; and it is this way. I will not mention anything before this committee regarding the marking law, which is very serious in individual woven labels which the domestic manufacturers put through. Each woven label, it is provided, must be marked with the country of origin, and that is very fully presented in my brief before the House committee.

Senator SACKETT. You do not want that?

Mr. GOLDENBERG. We can not have it, because it is a deception to the public. If a label marked with the country of origin is attached to a garment and a man goes into a store and sees that, it leads that man to believe that that garment was made in the country stated on the label, and it has created quite a lot of confusion, not only in my line, the label line. It has been just one of a few things, although it is a small industry, that has been cited in the press in regard to the nuisance of marking; and I am sure also in this case Congress never intended to do anything like that.

Senator SACKETT. Were you here when the manufacturers of labels asked to have labels put under section 1529?

Mr. GOLDENBERG. No, sir.

Senator SACKETT. Which would make the duty 90 per cent?

Mr. GOLDENBERG. I was not present.

Senator SACKETT. Do you know why they should have asked for that?

Mr. GOLDENBERG. I do not know, with the exception that they asked for a duty of 90 per cent some years ago on little narrow fabrics that went into nightshirts and things like that. They claim that is practically made by the same machine, but they are not made by the same machine. In that case they drove every importer out of business. The figures show that the domestic manufacturers have practically a monopoly of this business. There are practically no more foreign labels coming in.

Another thing which I would like to say here, the domestic manufacturers on the stand before the Committee on Ways and Means cited the fact that importers were bringing in labels under \$100 in value. In other words, those figures would not show in these statistics which the Department of Commerce furnishes. In connection with that, I answer this: Those imports are very, very small.

It was suggested by the domestic manufacturers at that time that they had petitioned the Secretary of the Treasury to have such shipments sent to the appraiser's stores. There have been times when the post office in New York City has notified me on account of delays in my shipments, and I went there and wanted to find out what was becoming of them, and they told me time and time again that the merchandise had been sent to the appraiser's stores for examination. I supposed that was due through—

Senator SACKETT. That has not got anything to do with this rate of duty, has it?

Mr. GOLDENBERG. What is that?

Senator SACKETT. That has not anything to do with this rate of duty?

Mr. GOLDENBERG. Well, it has, indirectly, because the domestic manufacturers claim that the imports should show—

Senator GEORGE. In other words, they claimed the imports were very much larger than the figures shown in the Commerce Department, because they were in small lots?

Mr. GOLDENBERG. That is right.

Senator SACKETT. Your idea is, as I gather from what you have said, that there is a new machine in this country that now permits the making of these very much cheaper than formerly?

Mr. GOLDENBERG. Yes.

Senator SACKETT. And that is the cause of the falling off of the imports?

Mr. GOLDENBURG. That is the cause of the falling off of the imports.

Senator SACKETT. Is that machine available to the foreign people to use?

Mr. GOLDENBURG. No, sir; that machine is patented. I have had any number of requests of foreign manufacturers to furnish illustrations for it in Europe; they have asked me a thousand questions.

In the first place, it is not available; it is patented.

In the second place, they could not afford to buy any of those machines. They are too expensive. They cost \$4,000 apiece; and the—

Senator SACKETT. If they had the \$4,000, they could buy one, could they not?

Mr. GOLDENBURG. They could not buy those machines; no, sir; they are patented; and I understand they are not allowed to go out of this country. A machine of that sort will turn out about 30,000 labels, as against the German machine turning out, perhaps, twelve or fifteen thousand.

Senator SACKETT. That tells the story, does it not?

Mr. GOLDENBURG. Yes.

Senator SACKETT. That is all we want.

Mr. GOLDENBURG. The domestic manufacturers in their brief before the Committee on Ways and Means asked for a high rate of duty on 2-color labels. I would like to answer that. Out of 100 per cent there are practically 98 per cent of 2-color labels used as against 2 per cent of colored labels in this country.

I have nothing further to say, gentlemen.

Senator SACKETT. All right.

Mr. GOLDENBURG. I am open for any questions the committee wants to ask me.

Senator SACKETT. I think you have told your story.

Mr. GOLDENBURG. Yes, sir. Thank you.

BELTS AND BELTING

[Par. 913]

STATEMENT OF WILLIAM RAWLE BROWN, REPRESENTING D. P. BROWN & CO., DETROIT, MICH.

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

Mr. BROWN. Gentlemen, we are importers of cotton belting of a special kind for the transmission of power, under paragraph 913, of the law of 1922.

The House, through an error, which I will show you, raised the duty $33\frac{1}{3}$ per cent on this cotton belting, and with no request whatever for an advance of any kind.

We will further show you that there is no necessity for an advance.

I have condensed my remarks so as to take less than 10 minutes of your time.

Senator BINGHAM. Your firm manufactures?

Mr. BROWN. No; we are importers.

Senator BINGHAM. You are importers?

Mr. BROWN. Yes. This is a small industry.

Senator SIMMONS. Nobody appeared before the Ways and Means Committee to ask for an advance?

Mr. BROWN. No, sir. Two concerns of New Bedford, Mass., appeared and asked for an advance in rates; these rates in this bill [indicating]. Now cotton transmission rope had never been mentioned in a tariff schedule. Belting had been mentioned. It is 30 per cent in the act of 1922.

The committee refused the request of the people who asked for an advance on the ropes, but they classed ropes with belting.

Now, in order to advance ropes to 40 per cent there was a committee amendment at the last moment, not in the original report, but a committee amendment before the House, under which it was advanced—the whole paragraph was advanced—to 40 per cent. I have here the Congressional Record in which there was an error set forth.

Senator BINGHAM. You mean that you found an error in the Congressional Record?

Mr. BROWN. Yes, sir; if such is possible, we did.

Senator BINGHAM. What is the error?

Mr. BROWN. The error is this. The sponsor of the amendment said on the floor of the House on May 24 (p. 1909, first column), as follows:

Under the law of 1922, ropes for the transmission of power, belts and belting, bore a rate of 40 per cent and this amendment merely restores the rate of the present law.

Now, Mr. Bingham, that is not correct. The rate of the present law is 30 per cent.

Senator GEORGE. Your idea is simply that they made it 40 per cent under a misapprehension?

Mr. BROWN. They put it up to 40 per cent to meet the request of these people who asked that ropes for transmission be made 40 per cent. We knew nothing about, and we ask that belting be retained as it was before, and we ask that you might put it in as a special paragraph, if they want that.

Senator BINGHAM. Is there anything further? If not, we thank you very much.

(Mr. Brown submitted the following brief:)

BRIEF OF D. P. BROWN & Co., DETROIT, MICH.

HON. REED SMOOT,

*Chairman Committee on Finance, United States Senate,
Washington, D. C.*

SIR: Being importers of "teon" belts and belting for machinery manufactured in England from cotton duck, we have the honor to invite the attention of yourself and all members of the Senate Finance Committee to paragraph 913 (new) of H. R. 2667, tariff bill of 1929, as passed by the House, making cotton belts, belting, and ropes for the transmission of power dutiable at 40 per cent ad valorem, and to request that the duty on such belts and belting be retained at 30 per cent ad valorem as at present under the tariff act of 1922.

In support of our request, which relates to belts and belting only, and is not intended to affect in any manner the provision for "ropes for the transmission of power," we submit the following facts:

Under the last clause of paragraph 913 of the tariff act of 1922, cotton belting for machinery, as described therein, and which includes "teon" belting imported by us, is provided for at 30 per cent ad valorem. This is the highest rate of duty ever imposed on cotton belting, and there was no request before the House Committee on Ways and Means for any increase of the rate of duty on such belting.

There is not in the tariff act of 1922, nor was there, so far as we can ascertain, in any previous tariff act any specific provision for cotton rope for the transmission of power. The rope drive has never been used to any extent in this country, although quite popular in England. Such merchandise was accordingly classified by customs officers under the basket or catch-all provision for "manufactures of cotton, not specially provided for," until an importation of "cotton driving rope," so classified and assessed for duty under paragraph 332 of the tariff act of 1909 at 45 per cent ad valorem, was held by the Board of General Appraisers, by reason of use, to be dutiable under paragraph 330 of the same act as "belting for machinery" at 30 per cent ad valorem. (Treasury Decision 31922.) That decision has been followed in the classification of driving rope, although such merchandise never has been specifically mentioned in subsequent tariff acts.

As the result, apparently, of this lower classification of "cotton driving rope," the Lambeth Rope Corporation and the New Bedford Textile Co., both of New Bedford, Mass., submitted a brief to the Committee on Ways and Means (see p. 5529, Vol. IX, Hearings on Tariff Readjustment, 1929) in which it was urged that paragraph 913 of the tariff act of 1922 be amended by adding the following:

"Cotton rope, used as belting for machinery, 10 cents per pound and 30 per cent ad valorem."

As previously stated, there was no request for any increase in the rate of 30 per cent ad valorem on cotton belting as described in paragraph 913 of the act of 1922.

House Document No. 15, Comparative print of the act of 1922 with H. R. 2667, as reported from the Committee on Ways and Means May 9, 1929, shows, at page 76 thereof, a proposed amendment of the present law by writing a new and separate paragraph (also 913) for belting, including "ropes for the transmission of power," not previously mentioned in the law, but leaving the rate of 30 per cent ad valorem as at the present time under the act of 1922.

A committee amendment offered by Mr. Treadway, changing the rate of 30 per cent to 40 per cent, was adopted by the House. This amendment of the rate without separating the two classes of merchandise effected an increase of the rate on belting which had not been sought by anyone.

Mr. Treadway's remarks at the time of offering the amendment are printed in the first column on page 1409 of the Congressional Record of May 24, 1929, and are as follows:

"The CHAIRMAN. The gentleman from Massachusetts offers a committee amendment, which the Clerk will report.

"The Clerk read as follows:

"Committee amendment offered by Mr. Treadway: Page 137, line 7, strike out '30' and insert in lieu thereof '40.'

"Mr. TREADWAY. Mr. Chairman, the basket clause of the cotton schedule provides for a rate of 40 per cent ad valorem. Formerly ropes for the transmission of power came in under the basket clause, but owing to a ruling of the Treasury Department they were transferred to a clause bearing 30 per cent. Under the law of 1922 ropes for the transmission of power, belts, and belting bore a rate of 40 per cent, and this amendment simply restores the rate of the present law.

"The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

"The amendment was agreed to."

An examination of Mr. Treadway's remarks shows that they are in error in so far as they relate to belts and belting. These articles do not now, and never did under any tariff act, "bear a rate of 40 per cent," and the amendment offered by Mr. Treadway could not, therefore, "restore the rate of the present law" on such belts and belting.

We have no objection to ropes for the transmission of power being made dutiable at 40 per cent ad valorem, which is the rate that would be applicable thereto under the so-called basket or catch-all paragraph (921) of the tariff act of 1922, if such ropes were classifiable at the present time under that paragraph.

In his effort to obtain such a rate on ropes, however, which probably was fully warranted in the interest of the New Bedford manufacturers, Mr. Treadway inadvertently confused the two classes of merchandise and unnecessarily effected an increase in the duty on belts and belting.

Because of its superior quality, the "teon" belting imported by us sells at a much higher price than any similar belting manufactured in the United States. For comparison on this point we submit net prices per foot paid by us for the principal kinds of belting, delivered to our warehouse, in a popular selling size (6 inches wide by 4 ply) as follows:

White cotton belting.....	\$0. 1575
Stitched canvas.....	. 19704
Rubber.....	. 2745
Balata.....	. 432
"Teon".....	. 5712

All of these beltings are manufactured in the United States except "teon," which has been shown to be a necessity for certain conditions of manufacture, and which, therefore, was classified by the American Government during the war as an essential for the manufacture of munitions. Its character in this respect is evidenced by a letter written January 3, 1918, by Mr. S. M. Vauclain, chairman committee on production, to Mr. P. Chauncey Anderson, counsel to the bureau of imports, War Trade Board, as follows:

JANUARY 3, 1918.

DEAR MR. ANDERSON: In regard to the cotton-duck belting for which Mr. D. P. Brown is anxious to obtain shipment license, this belting is very largely used in our munition plant at Eddystone and if it were not obtainable, these plants would be put to great inconvenience and delay on that account.

This belting is like all other things, if we have to do without it, of course, we may use something else, but if it is possible to obtain it, the plants can be operated with much greater satisfaction.

Very truly yours,

S. M. VAUCLAIN.

Statistics compiled and published by the Department of Commerce, corrected to date, show importations of belting for machinery, composed wholly or in chief value of cotton or other vegetable fiber, or cotton or other vegetable fiber and india rubber, as provided in paragraph 913 of the tariff act of 1922, in amounts and values for the years indicated, as follows:

Year	Total number of pounds	Total value	Value, "teon" included
1925.....	773,984	\$580,332	\$84,682
1926.....	738,227	492,457	74,747
1927.....	637,543	387,291	66,720
1928.....	531,492	302,983	71,904

It will be seen, therefore, that importations of belting have decreased each year since 1925 in both amounts and value, the amount being 31.3 per cent and the value being 47.8 per cent less in 1928 than the corresponding items in 1925.

It is also shown that during the same period of time the value of imported "teon" belting, the figures for which as given above are taken from our own records, decreased only 15 per cent as compared with the decrease of 47.8 per cent in the value of all importations of belting, notwithstanding the fact that we pay 32 per cent more for "teon" than for the highest priced domestic belting handled by us.

Statistics for domestic manufactures of cotton belting collected by the Census Bureau at the biennial census of manufactures for the years 1923, 1925, and 1927, are as follows:

Description	1923	1925	1927
Woven, not over 12 inches in width, made by textile mills.....	\$1,775,503	\$2,846,020	\$3,162,620
Stitched, all widths, made from purchased fabrics.....	3,311,527	3,111,500	3,211,675

These figures show an increase of over 78 per cent in the domestic manufacture of woven belting not over 12 inches in width in 1927 over that of 1923, while the manufacture of stitched belting from fabrics remained practically the same, above \$3,000,000 in value per annum.

A comparison of the statistics of imports with the statistics of domestic manufacture given above shows that, while values of importations were decreasing 47.8 per cent, the values of woven belting of domestic manufacture were increasing 78 per cent.

The statistics for imports given above cover all kinds of belting assessed for duty under paragraph 913 of the tariff act of 1922 and therefore include so-called rubber belting, made of cotton and India rubber, of which our "teon" belting forms a part.

Statistics published by the Census Bureau show the total value of rubber belting manufactured in the United States during the year 1927 to be \$21,825,339. This so-called rubber belting is almost identical with our imported "teon" belting, which has a cotton-duck base. Adding to this amount the total value (\$6,374,495) of cotton belting manufactured in the United States during the same year, we have an aggregate value of belting for machinery manufactured in the United States during the year 1927 similar to that assessed for duty under paragraph 913, in the amount of \$28,199,834.

The total value of imported belting for that year was only \$387,291, or only 1.3 per cent of the domestic manufacture. The importations for 1928 were less than for 1927.

We thus have a situation where importations have decreased 47.8 per cent within a period of four years, while domestic manufactures during the same period have increased to such enormous values as to be almost unbelievable. Also, the value of the imports as compared with the value of domestic manufactures (1.3 per cent) is so small as to be insignificant in character, and certainly does not and can not affect the domestic interests in any adverse manner.

Not only is it shown by the foregoing that an increase in the duty on cotton belting is not necessary for protection to the domestic manufacturers, but such an increase in duty on this character of merchandise as is proposed in H. R. 2667 will have the effect of increasing the price of such belting to consumers beyond reason.

We respectfully urge, therefore, that H. R. 2667 be amended by inserting in paragraph 912 thereof the language relating to belting in paragraph 913 of the tariff act of 1922, as follows:

"Belting, for machinery, composed wholly or in chief value of cotton or other vegetable fiber, or cotton or other vegetable fiber and India rubber, 30 per centum ad valorem";

and that paragraph 913 (new) of the bill as passed by the House be amended by striking out the first three words thereof, viz, "belts, belting, and", thus leaving that paragraph to cover only "ropes for the transmission of power" as described therein.

Yours most respectfully,

D. P. BROWN & Co.
WILLIAM RAWLE BROWN, *President.*

COTTON FABRIC GLOVES

[Par. 915]

STATEMENT OF JOHN M. GREWEN, REPRESENTING THE FABRIC GLOVE MANUFACTURERS' ASSOCIATION

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

Mr. GREWEN. Mr. Chairman and members of the committee, my testimony is submitted for and on behalf of the fabric glove manufacturers of the United States, representing 100 per cent of the currently and actively associated manufacturers of the fabric glove industry.

Senator SACKETT. What schedule is this?

Mr. GREWEN. It is paragraph 915.

My purpose is to present facts in support of our contention that the proposed tariff of 60 per cent ad valorem as applied to cotton gloves made of fabric knit on a warp knitting machine fails to equalize the cost of imports and domestic manufacture and therefore in this particular application nullifies the stated purpose of the bill as a whole, namely—to encourage the industries of the United States to protect American labor.

The changes requested are: To substitute for paragraph 915 as presently proposed, the following:

Gloves and mittens, wholly or in chief value of cotton or other vegetable fiber.

Made of fabric knit on warp knitting machines, when shrunk or sueded or having 40 or more rows of loop per inch in width on the face of the glove, \$4 per dozen pairs; if two or more folds of fabric or fabric finished or sueded on both sides, any part of which is made on a warp knitting machine, \$5 per dozen pairs; made of fabric knit, or other than a warp knitting machine, 50 per cent ad valorem; made of woven fabric, 25 per cent ad valorem.

Senator BINGHAM. You have included the language of the old bill, except that instead of 50 per cent ad valorem you have—

Mr. GREWEN. A specific rate of \$4 per dozen pairs.

Senator BINGHAM. What does that amount to in increase of ad valorem?

Mr. GREWEN. I could not say, Senator, what it would be. I imagine it would be around 150 per cent.

Senator BINGHAM. An increase of 150 per cent?

Mr. GREWEN. An increase of about 100 per cent.

Senator BINGHAM. In other words, you are getting now a duty of about \$2 per dozen pairs?

Mr. GREWEN. No, sir; but in the old bill we were getting a maximum duty of 75 per cent.

Senator BINGHAM. Of what?

Mr. GREWEN. Seventy-five per cent.

Senator BINGHAM. No; 50 per cent ad valorem.

Mr. GREWEN. In the proposed bill in the House?

Senator BINGHAM. No; in the old bill—the present law?

Mr. GREWEN. That was on unshrunk gloves. There is a difference between unshrunk and shrunk gloves. Shrunk is 75 per cent; \$2.50.

Senator BINGHAM. Go ahead.

Senator SACKETT. How much would that duty be per dozen pairs?

Mr. GREWEN. Per dozen? We are asking for a rate of \$4—

Senator SACKETT. I am not asking what you are asking, but how much would your duty be per dozen pairs?

Mr. GREWEN. Ad valorem?

Senator SACKETT. That would be ad valorem?

Mr. GREWEN. A duty of \$2.50 per dozen.

Senator SACKETT. That is what the duty has actually been?

Mr. GREWEN. Has actually been; and on embroidered gloves in the old bill, 75 per cent. That has brought it close to a 75 per cent clause.

Senator SACKETT. That is what I am asking you. How much would a duty of 75 per cent ad valorem amount to? You are asking for \$4. Now, let us know what it was before.

Senator BINGHAM. That is just what I was trying to find out.

Senator SACKETT. You said it was \$2.50 a dozen.

Mr. GREWEN. I say it has been \$2.50 per dozen pairs.

Senator BINGHAM. When you said you were asking for an increase of 150 per cent, was that an error, or did I misunderstand you?

Mr. GREWEN. No; I said the increase probably amounted, ad valorem, to about 100 per cent.

Senator BINGHAM. About 100 per cent increase in ad valorem duty; but less than that in the actual increase. At the old tariff you have just told Senator Sackett it was \$2.50, and you are asking for \$4 per dozen pairs. That is an increase of only about 60 per cent, is it not?

Mr. GREWEN. Then I am in error.

Senator SACKETT. The tariff commission figures that at \$2.17 per dozen under the old duty, on all these embroidered gloves.

Mr. GREWEN. Yes, sir. Now we are asking a duty of \$4 per dozen pairs.

Senator SACKETT. So that it is nearly 100 per cent?

Mr. GREWEN. Yes, sir.

Senator BINGHAM. How much did the House give you?

Mr. GREWEN. Seventy-eight per cent, regardless of embroidery.

Senator BINGHAM. That was an increase of about 10 per cent.

Mr. GREWEN. There was no increase. That was a decrease of 15 per cent, because under the old bill, 75 per cent in the ad valorem duty, the House decreased that.

Senator BINGHAM. Under the bill the minimum is increased from the present law, which is 40 per cent ad valorem, to 60 per cent ad valorem; is that correct?

Mr. GREWEN. That is correct, Senator. The minimum rate of 40 per cent I think affected the shrunk fabric cotton gloves.

Senator BINGHAM. So that you always had the maximum?

Mr. GREWEN. We always had the maximum of 75 per cent.

Senator BINGHAM. And as the law now is, it is 60 per cent?

Mr. GREWEN. Yes.

Senator BINGHAM. Do you know why it was lowered?

Mr. GREWEN. The statement given by a member of the Ways and Means Committee was that it would permit, in his opinion and in the opinion of the committee, the manufacturer to manufacture—it

would present the opportunity of manufacturing—in the United States of this product, without raising the price to the consumer.

Senator SACKETT. How are your costs?

Mr. GREWEN. Our costs on a basis of equality—

Senator SACKETT. Yes.

Mr. GREWEN. Of the imported product?

Senator SACKETT. Yes.

Mr. GREWEN. There is a sample of a foreign glove with invoice attached, showing the invoiced cost, and here is a sample of the domestic product with our cost attached [presenting samples].

Senator SACKETT. What do they show?

Mr. GREWEN. It shows that the invoiced cost of the foreign gloves is \$3.20. Under the tariff of 75 per cent, that equals \$2.40 per dozen pairs, and the domestic article, the manufacturer's cost is \$9.38, leaving a difference of \$3.78 per dozen pairs.

Senator BINGHAM. That is why you are asking for \$4, so as to cover that difference, is it not?

Mr. GREWEN. Yes, sir.

Senator SACKETT. How much did you say the invoiced cost was?

Mr. GREWEN. \$3.20.

Senator SACKETT. What is the duty on them?

Mr. GREWEN. Seventy-five per cent; \$2.40.

Senator SIMMONS. Where are these gloves made?

Mr. GREWEN. They are made in Germany.

Senator SIMMONS. How many of them are imported?

Mr. GREWEN. In 1928 the figures were about two and a quarter million dozen pairs.

Senator SIMMONS. Valued at what?

Mr. GREWEN. Valued at over \$7,499,035.

Senator SIMMONS. What is the domestic production?

Mr. GREWEN. The domestic production in 1928 was only 28,000 dozen pairs.

Senator SIMMONS. Valued at what?

Mr. GREWEN. Valued at about—I have not that figure, but from memory, as nearly as possible, I should say around \$325,000.

Senator SIMMONS. Where are they made in this country?

Mr. GREWEN. In this country they are made in New York State.

Senator SACKETT. Would you be prepared to take care of the domestic demand?

Mr. GREWEN. We absolutely would. We could in 1917, with the understanding that this was a war-born industry, very similar to the chemical and dye industry.

Senator SACKETT. You have not the machinery, have you?

Mr. GREWEN. We have the machinery.

Senator SACKETT. To make 2,000,000 dozen pairs?

Mr. GREWEN. Yes.

Senator BINGHAM. I understand that in 1919 you produced 1,500,000 dozen pairs, and the industry amounted to \$10,000,000; is that correct?

Mr. GREWEN. Yes.

Senator SACKETT. I understand that with the war conditions removed, your production was cut down in 1921 to 460,000 dozen pairs?

Mr. GREWEN. That is correct.

Senator BINGHAM. In the tariff of 1922 the maximum of 75 per cent did not equalize the foreign and the domestic costs; is that correct?

Mr. GREWEN. That is correct.

Senator BINGHAM. So that in 1928 the domestic production had fallen from 1,500,000 dozen pairs in 1919 to 28,000 dozen; is that correct?

Mr. GREWEN. That is correct.

Senator BINGHAM. And the imports had increased to 2,256,000 dozen pairs; is that right?

Mr. GREWEN. Yes, sir; that is correct.

Senator BINGHAM. And as the result, for the last three years you have been running at a loss?

Mr. GREWEN. That is, the manufacturer who is making these gloves to-day has been operating at a loss for the last three years.

Senator BINGHAM. And since they have been made at a loss the last three years at the old duty of 75 per cent, if the duty is reduced to 60 per cent it will simply mean putting them out of business; is that correct?

Mr. GREWEN. That is correct.

Senator GEORGE. Has the Tariff Commission considered and reported on this matter?

Mr. GREWEN. The Tariff Commission considered the whole proposition in 1923, I think, and made a report to the President under date of June 12, 1925, on the comparative cost of production in the United States and in the leading foreign countries. I know they were referring to Germany. They found that the duty of 75 per cent did not equalize the costs, and they found also that the maximum duty allowed under section 315 of the old bill had raised it to 112½ per cent, which was insufficient to equalize the cost.

Senator BINGHAM. And they recommended a specific duty of \$3.50 per dozen pairs?

Mr. GREWEN. They recommended a specific duty of about \$3.75.

Senator GEORGE. What did the President do?

Mr. GREWEN. The President, I am sorry to say, did not take action on that, and refused to raise the duty.

Senator GEORGE. He refused to raise the duty?

Mr. GREWEN. He did.

Senator SACKETT. Did he give any reason why?

Mr. GREWEN. Yes; he said that it would be raising the price to the consumer.

Senator SIMMONS. Let me read what he did say (reading):

Cost of production: In 1923 the Tariff Commission made a cost-of-production investigation of cotton warp-knit fabric gloves for purposes of section 315. This investigation has been completed and a report sent to the President. There has been no change in the rate of duty. The President advised the commission, under date of October 3, 1925, that "Under the circumstances which apply to the industry, I do not feel warranted at this time in increasing the import duty on cotton warp-knit fabric gloves." The following table summarizes the cost data contained in the commission's report to the President.

Senator BINGHAM. I understand that this industry originally employed about 20,000 people?

Mr. GREWEN. Directly and indirectly, it did.

Senator BINGHAM. What has that figure dropped to now?

Mr. GREWEN. The figure has dropped now to about 250 employees.

Senator BINGHAM. The plants are largely standing idle?

Mr. GREWEN. They are.

Senator BINGHAM. And unless you get relief, you will have to close those plants?

Mr. GREWEN. Yes, sir.

Senator SACKETT. Why can they make those gloves cheaper in Germany?

Mr. GREWEN. The reason is not peculiar to the glove industry, but it is common to all American industry. There is a lower labor cost in Germany.

Senator SACKETT. Do you use the same machines?

Mr. GREWEN. We do, Senator.

Senator SACKETT. And there is nothing but the labor that enters into it?

Mr. GREWEN. Labor and material. That is brought out by the Tariff Commission in the report to the President in 1925.

They found that the labor cost on the domestic gloves was \$2.04 per dozen pairs while the labor cost on the foreign gloves was 63 cents per dozen pairs. There was an increase of practically 180 per cent.

Senator SACKETT. What do those gloves retail at; the same as foreign gloves?

Mr. GREWEN. The foreign gloves retail at anywhere from 79 cents up to \$2.50.

Senator SACKETT. This applies to all the different grades?

Mr. GREWEN. No; just to cotton warp-knit fabric sueded gloves, when shrunk.

Senator SACKETT. What difference does that make per pair in the price of the gloves? Four dollars a dozen would make a difference of 35 cents a pair, would it not?

Mr. GREWEN. Yes.

Senator SACKETT. About that; 40 cents a pair?

Mr. GREWEN. About that.

Senator SACKETT. So that it would raise the price to the consumer 20 cents for every pair of gloves?

Mr. GREWEN. Senator, I would like to make this observation, that were the American manufacturer granted that protection, he would be able to increase his output, and the consequential reduction in the labor cost would so affect the American production that he would be able to sell almost on a parity with the foreign product.

Senator SACKETT. Then you only need this duty on a sliding scale, do you not, according to the amount of the production?

Mr. GREWEN. No; the industry to-day is moribund.

Senator SACKETT. But if you could increase your production up to the foreign imports, you would be able to compete on a level basis?

Mr. GREWEN. If we had this at \$4 per dozen pairs, the difference between foreign gloves and domestic gloves would be approximately \$2 per dozen pairs, and we figure, and it is a matter of common knowledge, that the American consumer can be appealed to on the

basis of quality and style in the workmanship and the guaranty to remedy defects which the foreign manufacturer does not guarantee.

Senator SIMMONS. Is there any assurance if we place this enormous burden upon the American consumer in this production of \$4 a dozen pairs, that the American producers will be able in a reasonable length of time to supply the demand for these goods at anything like a reasonable price?

Mr. GREWEN. They will. In 1929 they supplied over 90 per cent of the American consumption.

Senator SACKETT. He says that if they get this business it will enable them to reduce their costs materially.

Senator BINGHAM. Would it not be possible to write a sliding scale for this?

Senator SACKETT. That is what I was asking about, a sliding scale according to the amount produced.

Senator SIMMONS. This would be imposing a great burden upon the people of this country, at \$4 per dozen pairs, in this industry, unless you can manage to remedy that situation. If it is merely a temporary situation which will be overcome by the manufacturer, it is a different question; but, if it is going to be a permanent burden instead, it will be an almost intolerable burden on the people of this country.

Mr. GREWEN. I would not consider that it would be an intolerable burden, sir.

Senator SIMMONS. It would be if it was to be permanent. If you did not produce; that is, in the future, any more of these goods in comparison with the total amount that you are producing now, you would impose upon the American people a burden for nothing. No great object would be accomplished.

Mr. GREWEN. That glove, Senator, retails at a dollar per pair; and this glove retails at about \$1.25 per pair.

And there have also statements been made before the Committee on Ways and Means that the American manufacturer can not make a comparable product. I would like to submit samples to you gentlemen to see whether they are comparable articles.

Senator BINGHAM. Let me understand you. You say if the duty were increased from \$2.50 per dozen pairs to \$4 per dozen, as you request, that this sort could be sold at \$1.25 per pair.

Mr. GREWEN. It is sold now for \$1.25 a pair.

Senator BINGHAM. It is sold now for \$1.25 a pair?

Mr. GREWEN. Yes, sir.

Senator BINGHAM. But you are losing money on it.

Mr. GREWEN. We are losing money on it.

Senator SIMMONS. Was not this duty on these gloves raised under the 1922 act?

Mr. GREWEN. They were, Senator.

Senator SIMMONS. I do not think any duty raised under the 1922 act raised as much turmoil in Congress as this glove situation.

Mr. GREWEN. You are correct.

Senator SIMMONS. Now you come in and say that you are in no better condition to compete now than you were then. That is seven years ago.

Mr. GREWEN. There was not enough difference in the Tariff Commission report as submitted to the President. That was an unbiased report and recommended an American valuation of 50 per cent.

Senator BINGHAM. This foreign glove now sells for \$1 per pair?

Mr. GREWEN. Yes, sir.

Senator BINGHAM. If the duty as recommended by the Tariff Commission should be written into the bill, how much would that raise the cost per pair of this foreign article?

Mr. GREWEN. By the Tariff Commission?

Senator BINGHAM. Exactly.

Mr. GREWEN. The duty by the Tariff Commission, Senator, was 50 per cent American valuation.

Senator SACKETT. How much would that raise it?

Mr. GREWEN. That would not raise the cost of that product at all, I don't think.

Senator SACKETT. Then if it would not, it would not help you any?

Mr. GREWEN. Yes; but just to get down to the profit of the importer; that is all.

Senator BINGHAM. I understand they recommend a specific duty of \$3.50 per dozen.

Mr. GREWEN. About \$3.75.

Senator BINGHAM. That would be an increase of about 30 cents per pair, would it not?

Mr. GREWEN. That glove was \$3.20; they recommended \$3.75 increase, making that glove \$6.95 landed.

Senator BINGHAM. It would increase the cost of that glove from \$1 to—

Mr. GREWEN (interposing). No, sir; it would not.

Senator SACKETT. How much would it increase it?

Mr. GREWEN. That would be increased from \$3.20 to \$6.95 landed here.

Senator BINGHAM. How much would it increase the cost to the person who bought it; the individual consumer?

Mr. GREWEN. That would depend on the price the importer sold it at.

Senator BINGHAM. Yes; it naturally would. Thank you.

STATEMENT OF H. O. LLOYD, NEW YORK CITY, REPRESENTING COTTON-GLOVE GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

(The witness was duly sworn by Senator Bingham.)

Mr. LLOYD. Now, gentlemen, I want to be brief. I do not want you to get the impression, as they did before the Ways and Means Committee, that I represent only the firm I am connected with. I am representing the cotton-glove group, of the National Council of American Importers & Traders, who handle domestic goods.

Personally, I am connected with the firm of Julius Keyser & Co., which is one of the largest manufacturers of these gloves.

Senator BINGHAM. Where are the factories?

Mr. LLOYD. At Brooklyn, N. Y.; one at Bangor, Pa.; one in Canada; and one at Oneonta, N. Y.

Senator BINGHAM. Where?

Mr. LLOYD. In Canada. When I speak of this, Senator, I am a little out of my field. I am not so sure about the location of the factories.

Senator BINGHAM. What I am getting at, have you large foreign factories?

Mr. LLOYD. None at all.

Senator BINGHAM. I thought you said you had one in Canada.

Mr. LLOYD. Yes; that is for the production of sueded hosiery for our Canadian trade.

Senator BINGHAM. You do not import from that factory?

Mr. LLOYD. No, sir.

Senator BINGHAM. Very well.

Mr. LLOYD. An amendment to paragraph 915 of the proposed tariff bill covering cotton warp knit gloves as first reported by the Committee on Ways and Means has been made. The bill as first reported placed cotton warp knit gloves on the free list, paragraph 1684.

Later the attention of the committee was drawn to the fact that, owing to various decisions of the customs courts and the Treasury Department 70 per cent of the importations of last year, 1928, had been assessed as scalloped, appliqued, or embroidered under paragraph 1430 of the present tariff act and about 80 per cent of the importations in the year 1927.

Although this fact is incorporated in the briefs filed by me, it apparently was overlooked, as the report presented to the House with the first bill stated the committee's reluctance to excessively tax the women of our country on this commodity and so placed these gloves on the free list. The result was that on the basis of last year's imports 70 per cent of these gloves would be dutiable at 90 per cent under paragraph 1530 (or 1529 as the paragraph is numbered in the amended bill) and 30 per cent would have been on the free list. Those on the free list would consist largely of the more expensive ones.

All gloves, no matter of what material made, have three rows of stitching on the back known as points. [Producing samples of gloves.] Some of these have been held to be embroidered, others not. The question of what is an applique and what is not also has been disputable. In short, the administration of paragraph 1430 of the present tariff act, when applied to these gloves which are specifically provided for in paragraph 915, has been difficult and has led to much litigation.

The Committee on Ways and Means, in order to provide a uniform rate on this commodity and eliminate future litigation, has made an exception in paragraph 1529 of paragraph 915, which specifically provides for cotton gloves of all kinds.

Senator BINGHAM. Excuse me a minute, Mr. Lloyd. You appeared before the Committee on Ways and Means?

Mr. LLOYD. Yes, sir.

Senator BINGHAM. And you submitted rather a long brief there?

Mr. LLOYD. Yes, sir.

Senator BINGHAM. What you are giving us now is entirely new material since then?

Mr. LLOYD. Absolutely.

Senator BINGHAM. Very well.

Mr. LLOYD. I might say at this point that a number of the questions you asked the previous witness are answered in my brief. I would like to have you read that.

My reason for appearing before your committee is to place these facts on record, as they do not appear in the report of the hearings before the Committee on Ways and Means nor in their report in submitting the bill to the House, and I also desire to reiterate what I had testified to before the Committee on Ways and Means that these cotton warp knit fabric gloves had not been made in this country before the war, although the consumption had exceeded over one and one-half million dozen pairs per year.

The manufacture of them was attempted during the war, and was discontinued by practical glove manufacturers as impractical and uneconomic. By this I refer to manufacturers of silk-fabric gloves.

As far as it can be ascertained by me, only one manufacturer is attempting to make these gloves to-day; and under the name of an association has asked for an exorbitant rate of duty.

Senator SIMMONS. You mean the gloves described in the section to which you are now addressing yourself?

Mr. LLOYD. Yes, sir.

Senator SIMMONS. There is only one factory?

Mr. LLOYD. I think Mr. Grewen is the only manufacturer, and I do not think he was a manufacturer before the war. Were you, Mr. Grewen?

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

Mr. LLOYD. Statistics and other facts concerning cotton warp knit fabric gloves are in the record of the hearings before the Committee on Ways and Means.

Now, the situation develops this, gentlemen: I came before you to explain why the duty has been placed at 60 per cent, and why the suggestion has been made in the embroidery paragraph. For 20 years I was the examiner in the merchandise section for stores in the customhouse at New York. I knew the difficulties and knew the embroidery paragraph as now written, providing for all articles not specifically provided for elsewhere, no matter what you wrote, this embroidery paragraph would take them all out. There is a 90 per cent rate provided there. I submitted to various members the gloves with the appliques, showing what would be free and what would be dutiable under the law as written. And I challenge any of you gentlemen to show me why one should be free and the other dutiable. It was not clear, and that is what prompted me to clarify this if I could.

Senator SACKETT. Is that embroidered [referring to sample of glove]?

Mr. LLOYD. No, sir; not under the court's decisions.

Senator SACKETT. That comes in free, then?

Mr. LLOYD. That would be free as the bill was first written. They are 60 per cent now, as the bill is written.

Senator SACKETT. They are 60 per cent?

Mr. LLOYD. Yes; with the exception made in the embroidery paragraph.

Senator SACKETT. Why should they not all be free, if what you are saying is a fact, that the domestic production is not a practical and economic thing? If that is true, why should they not be free?

Mr. LLOYD. Theoretically you are correct, Senator.

Senator SACKETT. Not theoretically, but I want to know the practical reason.

Mr. LLOYD. There is no industry in the United States—let me add this: When we speak of this during the war, our factory made more of these gloves than any other manufactory. We knew, because we introduced them 30 years ago, that we could not make them here economically, and we ceased to make them and went back to imports. We still make silk gloves. As practical glove manufacturers we knew this was something to let alone.

Senator SACKETT. You have not answered yet why they should not be free, instead of having 60 per cent.

Mr. LLOYD. That is something for the Senator to answer rather than me.

Senator SACKETT. Well, why?

Mr. LLOYD. I have no reason in the world—

Senator SACKETT (interposing). You are perfectly willing to make it free?

Mr. LLOYD. I think from the revenue standpoint they should not be free.

Senator SACKETT. From the revenue standpoint?

Mr. LLOYD. Yes, sir.

Senator SACKETT. All right.

Mr. LLOYD. In my original suggestion, when I appeared before the Committee on Ways and Means, I suggested 50 per cent under the Payne-Aldrich Act.

Senator SACKETT. If they were made free, would they compete with some other glove and drive it out of this country; some other glove made in this country?

Mr. LLOYD. No, sir; there is nothing in competition with it in this country, except when you get into the higher-priced gloves; there is one that retails at \$2 [indicating] which might run in competition with a cheap leather glove.

Senator SACKETT. Do you know about what revenue the Government gets from these gloves per year?

Mr. LLOYD. Yes; we have the figures. For the year 1927 it was \$4,683,565; for the year 1926 it was \$4,771,197; for the year 1925 it was \$4,088,934. I should say that it would range very nearly \$5,000,000 for the year 1928. Those tables are all in the record.

Senator SACKETT. That is the price the ladies pay toward the support of the Government; if you made them free, you would just let the ladies off that much.

Mr. LLOYD. Understand, I am not advocating putting them on the free list.

Senator SACKETT. I just want to get you clear.

Mr. LLOYD. Yes, sir. For three years we worked under the Payne-Aldrich law, with the duty on those gloves, and permitted them to go into the sales of those years. And in looking at it from the revenue standpoint I think the United States Government is entitled to the revenue.

Senator SACKETT. It is a tariff for revenue only?

Mr. LLOYD. Yes; I suggested as the logical way a 50 per cent duty, under which we had worked under the Payne-Aldrich Act. But in order to provide a rate which would be uniform over all these gloves you would have to have that section in paragraph 1529, the embroidery paragraph.

Senator SACKETT. Is that in there now, in this present bill?

Mr. LLOYD. Yes, sir.

Senator SACKETT. You do not want any change?

Mr. LLOYD. I am perfectly willing to let it stand. But if you were to give me 50 per cent—

Senator SACKETT (interposing). What are you asking for?

Mr. LLOYD. I wanted to put before you the things which did not appear here as to why the Ways and Means Committee amended this bill.

Senator SIMMONS. Let me see if I understand you. If the House bill remains as it is, it affects this glove [indicating]?

Mr. LLOYD. Sixty per cent on all of them.

Senator SIMMONS. You suggest that it stay?

Mr. LLOYD. Or give me the 50 per cent that I asked at first.

Senator SIMMONS. What is the use of a 50 per cent duty on this glove if there is only one factory making that glove, and making it in small numbers?

Mr. LLOYD. For revenue only.

Senator SIMMONS. I find here in this report—we find the domestic cost of this article is \$9.08; and then, as I understand it, the general cost in Germany is \$3.65. Now, do you think it is possible for the American producer ever to reach that competition?

Mr. LLOYD. No, sir. Let me explain. That is the report of the Tariff Commission?

Senator SIMMONS. Yes.

Mr. LLOYD. At the time that was filed, I think—and the representative of the commission will bear me out—those figures were obsolete. Those figures were obtained about two years before that was written. It was known to one of the commissioners that it was obsolete. No logical basis can be obtained for those figures.

I am sorry to have to say these hard things about Mr. Grewen, but I state the fact.

Senator BINGHAM. Any other questions? [After a pause.] Thank you very much.

BRIEF OF THE QUALITY SILK MILLS, NEW YORK CITY

FINANCE COMMITTEE OF THE SENATE,
Washington, D. C.

GENTLEMEN: The tariff on this class of merchandise has been revised downward by the proposed bill of the House to read 60 per cent ad valorem. Our appeal to you is for adequate protection for an American industry, and we lay before you the following facts which we believe will be pertinent to your arriving at a definite conclusion:

There is sufficient mill equipment and capacity to manufacture the entire American consumption of this class of merchandise, but due to the present inadequate tariff, mill after mill has closed, with the result that there are only two or three left, of which we are one, struggling in the hope that our representatives in Washington will give us at least a fighting chance to compete with the

low German wage scale. The cost of these gloves is well over 80 per cent labor and it is here that we suffer, inasmuch as the average German wage scale for female operators is \$4 gold per week, as compared to the average American wage scale of \$16 to \$18 per week. To compensate for this difference in wage scale alone you will readily recognize that 60 per cent does not do it by any manner of means, and it has been our contention that a specific tariff of \$3.50 per dozen would give us a fighting chance and would eliminate the always possible chance of undervaluation.

In its original plan the House Ways and Means Committee put these gloves on the free list, stating that the industry in this country had practically ceased, this statement being made despite the fact that we manufacturers had filed briefs with the committee definitely showing them that we were in business.

The importers of these gloves upon their being put on the free list recognized the fact that their being on the free list would injure their business due to lower prices, and immediately made violent protest in Washington, with the result that in the present House bill the duty is assessed at 60 per cent. As indicated above, 60 per cent is valueless to maintain the industry in the United States, and we can say flatly that it is our opinion that either this industry should receive adequate protection or else the merchandise should be put on the free list, for there is no logical reason for a 60 per cent duty, as 60 per cent is not protection for labor and is certainly not a revenue measure.

We further bring to your attention the inconsistency on the matter of gloves. Kid gloves and lambskin gloves, which are not made in this country and never were made here, received a minimum tariff of \$5.50 per dozen, which quite amply protects the heavy-weight glove manufacturer in this country, for if kid gloves were on the free list the American public would generally purchase these in preference to the heavier gloves and seriously injure the domestic manufacturer of capes and heavy merchandise. In other words, the present tariff bill puts a tariff on a kid glove which is not manufactured here of \$5.50 per dozen and on a fabric glove, apparently to please the importer, puts a duty on which will put this industry entirely in the hands of the importer and kill the American production entirely.

In substantiation of the data given above we respectfully suggest that you refer to the report of the United States Tariff Commission on the fabric-glove situation, in which report they unqualifiedly recommend a 50 per cent increase in the present tariff. This coincides with our request for a specific duty of \$3.50 per dozen.

In conclusion, we repeat, this industry should either get sufficient protection to enable us to compete with the German worker or else it should be put on the free list entirely.

COTTON HOSIERY

(Par. 916)

STATEMENT OF JOHN NASH McCULLOUGH, NEW YORK CITY, REPRESENTING THE NATIONAL ASSOCIATION OF HOSIERY AND UNDERWEAR MANUFACTURERS

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

Senator GEORGE. You testified before the Ways and Means Committee, did you not?

Mr. McCULLOUGH. I did.

Senator BINGHAM. Your testimony of this morning is in addition?

Mr. McCULLOUGH. It is to augment some of the statements made before the Ways and Means Committee with reference to paragraph 916; that section of the schedule that applies to the manufacturers of infants' hosiery only.

Regarding the rest of that paragraph, the manufacturers of cotton hose for men and cotton hosiery for women are entirely satisfied with the present duty.

Senator SIMMONS. What do you mean by the present duty? Under the present law?

Mr. McCULLOUGH. The present duty of 50 per cent that was enacted in the Fordney-McCumber bill.

In the cotton infants' hosiery section of the industry there are 53 mills engaged in the business. These mills were all the result of the war, when the importation of German infants' hosiery ceased. Since the enactment of the Fordney-McCumber bill, 38 of these mills in this particular line of work have failed.

The last amendment that was offered on the floor of the Senate at the time of the writing of the Fordney-McCumber bill was offered by Senator Pepper, requesting a higher rate on this particular branch of the hosiery industry. It was defeated on the floor.

Senator GEORGE. Does that come under paragraph 916 (a) or (b)?

Mr. McCULLOUGH. It comes under (b). We immediately formed our plan to appeal to the Tariff Commission, as we were told that was where we would find relief, and in November, 1923, the first hearing was held by the Tariff Commission, as the result of their investigation.

The American manufacturers threw open their books, their records, their costs and profits, to the Tariff Commission.

The Tariff Commission then sent a group of men to Europe, and they went to Germany. It was very apparent from the figures that they presented to us at their own public hearing, that those men never had an opportunity to examine the books of the German manufacturers, the same as they had been given in America. Some of the figures they gave us were just beyond belief. We heard afterwards that a small group of manufacturers in Germany got together and gave the tariff experts what they desired to give, and no more.

We have never heard officially from the Tariff Commission as to what happened to that investigation. We understand that the result of their finding was sent to President Coolidge. I can not stand here and tell you what his reaction was, or their reaction, but here it is 1929, and still we have had no relief.

It is a matter of record that the wage of textile operators in Germany is 40 per cent of the wage in this country.

These stockings [indicating samples] simply represent purchases that I made myself last summer in Germany. The average price on those stockings is about \$1.65 a dozen pairs. That stocking, landed here, duty paid, can be put on this market for \$2.89. The manufacturer in this country can not possibly produce that stocking, with his selling expense, for less than \$3.25 a dozen.

Senator SACKETT. Does that \$2.89 include selling expense?

Mr. McCULLOUGH. Yes; we have submitted in our figures to the Tariff Commission their material, their productive labor, and their overhead, and in figuring the overhead we have used the same figures that they used in this country, 100 per cent productive labor. The only reason there are any mills left in the business of manufacturing infants' hosiery in this country is that we went to the lower bracket of hosiery.

Senator BINGHAM. In saying "infants," are you referring to an infant industry or infants' hosiery?

Mr. McCULLOUGH. Infants' hosiery. We have gone to the manufacture of infants' hosiery that are sold at 10 cents a leg over the counter in the 10-cent stores. We have been barred from the market that is known in this country as the 50-cent retail market. That stocking retails for 50 cents, whereas the hosiery that we are forced to put out of our mills sells for 20 cents. This stocking retails for 50 cents a pair over the counter.

Senator BINGHAM. The same quality.

Mr. McCULLOUGH. That stocking that you have before you retails—

Senator BINGHAM. For 50 cents?

Mr. McCULLOUGH. Over the counter; yes, sir. We can not make those stockings in cotton. We make them of rayon, and a lighter stocking.

Senator BINGHAM. What do you make that for?

Mr. McCULLOUGH. The cost of that would be \$3.25 a dozen pairs to the wholesaler, and he can make a longer margin on the product by buying the European product than by buying the American product.

Senator BINGHAM. Let me get this straight: The wholesaler can buy this stocking, imported, under present conditions at how much?

Mr. McCULLOUGH. Landed value? He can buy it in Germany for \$1.65 a dozen pairs.

Senator BINGHAM. Yes.

Mr. McCULLOUGH. He pays a carrying charge of 10 cents a dozen, including his freight and his insurance, and that brings it up to \$1.75. Fifty per cent of \$1.65 is 87½ cents.

Senator BINGHAM. That is his ad valorem duty?

Mr. McCULLOUGH. That is 50 per cent ad valorem duty.

Senator BINGHAM. What does that bring it up to?

Mr. McCULLOUGH. \$2.62½ a dozen.

Senator BINGHAM. \$2.62½ a dozen is what it costs him, duty paid, landed in New York?

Mr. McCULLOUGH. Yes.

Senator BINGHAM. What is your production cost on this same article?

Mr. McCULLOUGH. Without selling expense or profit, \$2.89½ a dozen pairs.

Senator BINGHAM. Without selling expense?

Mr. McCULLOUGH. Without selling expense and without any profit.

Senator BINGHAM. But the foreign item includes selling expense?

Mr. McCULLOUGH. It includes everything.

Senator BINGHAM. It includes the overhead and includes the profit?

Mr. McCULLOUGH. Yes.

Senator BINGHAM. In other words, they can sell it below your cost, including selling expense and profit?

Mr. McCULLOUGH. Yes.

Senator BINGHAM. And duty paid?

Mr. McCULLOUGH. And duty paid.

Senator BINGHAM. What is it you are asking on this?

Mr. McCULLOUGH. We would like a specific duty of 45 cents a dozen pairs.

Senator GEORGE. How would that work out in the ad valorem equivalent?

Mr. McCULLOUGH. We would like an addition to that. We need an addition to the present ad valorem we have, of 45 cents a dozen pairs.

Senator GEORGE. What is the ad valorem now?

Mr. McCULLOUGH. Fifty per cent.

Senator GEORGE. And then you want what?

Mr. McCULLOUGH. Forty-five cents a dozen pairs.

Senator GEORGE. How much would that add?

Senator BINGHAM. It would add 45 cents.

Mr. McCULLOUGH. Yes; 45 cents.

Senator GEORGE. The foreign figures would work out 45 cents on the ad valorem?

Mr. McCULLOUGH. Yes.

Senator GEORGE. If you got 45 per cent specific added to their selling price, what would it bring their selling price to, to deliver it on the New York dock?

Mr. McCULLOUGH. To deliver on the New York dock, it would be at \$3.07½.

Senator GEORGE. And your cost and the selling charges amount to what?

Mr. McCULLOUGH. \$2.89½.

Senator BINGHAM. That would give you a margin of 17 cents a dozen pairs for the cost of your selling organization and your profit?

Mr. McCULLOUGH. And our profit, and that would be a very fair and equitable margin.

Senator BINGHAM. That seems reasonable.

Mr. McCULLOUGH. Our selling expense, as used by the Tariff Commission investigation, is about 4 cents a dozen. On the low end numbers that the manufacturers at present are making they are lucky if they make 5 cents a dozen pairs. As I said before, we have done everything we know how to do in the industry and the industry is running to-day about one-half time.

Senator BINGHAM. Now give us the figures in regard to the increase in imports in the last five years, if any.

Senator SIMMONS. Just before you get to that let me ask you this: You say you are making this stocking now out of rayon?

Mr. McCULLOUGH. Cheap rayon; yes.

Senator SIMMONS. And you undersell the foreigner with your rayon product?

Mr. McCULLOUGH. No; we do not undersell the foreign countries on the rayon product, Senator, because, unfortunately, the rate when it was written into the Fordney-McCumber bill it practically eliminated the rayon entirely. The rate on rayon—

Senator SIMMONS. Tell me is that rayon product popular?

Mr. McCULLOUGH. Extremely so; yes, sir.

Senator BINGHAM. Does it wear as well as these [indicating samples]?

Mr. McCULLOUGH. It will for this reason, that the body of the stocking—that is where least wear takes place—is rayon and the toe

and the foot and the heel and the top is a cheap grade of combed yarn. The stocking will wear very nearly as well.

Senator BINGHAM. Then if you can sell the rayon stocking at a cheaper rate than they can import this stocking why are you not meeting the foreign competition?

Mr. McCULLOUGH. We are meeting the foreign competition on rayon, but our machines are working only half of the time, because this market is a limited market. The total consumption of infants' hosiery was only about 6,000,000 dozen pairs on the rayon.

Senator SIMMONS. They are rapidly getting themselves into position to supply the demand?

Mr. McCULLOUGH. Yes.

Senator SIMMONS. With practically as good a stocking as that. Now, why should the people of the country go to the additional expense of buying another article that is no better than the present article, if it is an equally good stocking? The rayon is produced in America.

Mr. McCULLOUGH. Yes. There are two classes of market, just as there are four classes of automobiles and a number of classes of dresses. There is what is known as the 20-cent retail sock for children, which is one side of the market. That covers the poorer class of people.

Senator BINGHAM. And yet this you are asking does not increase their price at all?

Mr. McCULLOUGH. No, sir; this is only to give the American manufacturer a chance to compete for this other market.

Senator BINGHAM. Yes; for the 50-cent market?

Mr. McCULLOUGH. Yes; the 50-cent retail market. We have the machinery and we have the organization. You make these products on the same machine, but you vary your production, and thereby vary your cost. We can see no reason why we should not be given an opportunity to get into this market. Why give it to the Germans? Why not employ Americans?

Senator BINGHAM. It would not increase the cost to a poor person at all, who bought the 20-cent sock. This would not increase the price on the 20-cent sock?

Mr. McCULLOUGH. No. I would like to answer that just in this way. In 1920, when they were writing the Fordney-McCumber Act, the hosiery manufacturers, the manufacturers of silk hosiery, were given a duty of 60 per cent. The importers immediately found their usual smoke screen in the form of a small farm organization in Minneapolis, and started to flood the Senate and Congress and the papers with propaganda supposedly for the sake of the poor farmer, as to how much this was going to increase the cost of stockings to the American public, if they dared to give this 60 per cent duty. The history of that has been that the same stocking in silk that at that time sold for \$2 to the retailer, under the highest protective duty ever given in the hosiery industry, is selling to-day for \$1.35.

Now, that same condition is practically true of the entire textile industry, whether it is hosiery, shirts, sheetings, or muslins, or anything else. Give your American manufacturers enough protection to encourage the industry and you automatically reduce the price to your consumer.

Senator Simmons just referred to the rayon industry. That was given a prohibitive tariff, so called, in 1920; 45 cents a pound specific duty. At that time the rayon manufacturer was selling his product for \$3 a pound. This morning it is stated that the same product is being sold for \$1.20 a pound, and the industry has grown from a production of 10,000,000 pounds in 1920 to a production that is here estimated at 135,000,000 pounds. The highest priced labor in the textile business is in the manufacture of hosiery.

Senator SACKETT. That would indicate that we ought to reduce the duty, would it not?

Mr. McCULLOUGH. No, sir; it indicates that you should keep your duties up to encourage your manufacturers, and you will reduce the price paid by the consumer to the maker of the article.

Senator SACKETT. Do you know the Onyx stocking?

Mr. McCULLOUGH. Yes.

Senator SACKETT. I saw Onyx stockings for sale in Carlsbad in Germany in the stores there, and yet we put on a duty of 60 per cent.

Mr. McCULLOUGH. But what has been the result of that duty? In 1920 you had a thousand machines making full-fashioned silk hosiery. In 1929 you have 11,000 machines on that type of work.

You had 4,000 employees. To-day we have very nearly 100,000 employees; and those employees are earning, in the full-fashioned silk-hosiery industry, a wage varying from \$90 to \$145 a week.

Senator BINGHAM. Your argument is that if you can increase your business in amount, you can bring in the advantages of American mass production, and with that there will be sufficient competition to prevent a monopoly, and you can actually supply the consumer at as low a rate; but if the duty is lowered, the manufacturers of foreign countries will come in with a cheap product, which prevents you from manufacturing on a sufficiently broad basis to secure the advantages of mass production?

Mr. McCULLOUGH. Decidedly; and we have proven it.

Senator SACKETT. Is not that an embargo proposition?

Mr. McCULLOUGH. That is not what I am asking for.

Senator SACKETT. No; I am talking about the duty on those stockings.

Mr. McCULLOUGH. On these infants' stockings?

Senator SACKETT. Yes. The proposition is that by keeping the duty high you can get mass production in this country and supply the market and keep out the foreigner.

Mr. McCULLOUGH. No; I am only asking enough on that stocking to give me a fair chance to compete. The only reason we can not compete is this. The reason you saw the American Onyx stockings in Germany is that the American manufacturer makes the finest stockings in the world.

Senator SACKETT. Then why do you need protection on these stockings?

Mr. McCULLOUGH. We can not compete on that stocking [indicating sample]. Let us come back to that, for a minute. The importer selling that stocking in this country can not induce the department stores to buy it, because there is a longer margin of profit in the importer's goods, and the department store can wave the magic wand of "imported," on it, which they are continually waving.

Senator BINGHAM. Let me call your attention to this.

Senator GEORGE. If you consider the commerce report, it is stated that the exports of cotton hosiery are eleven times as much as the imports.

Mr. McCULLOUGH. Yes, sir; quite true. I am not arguing on cotton hosiery, though.

Senator GEORGE. What do you say?

Mr. McCULLOUGH. On this type of hosiery [indicating samples], we have no export business.

Senator GEORGE. What type is that?

Mr. McCULLOUGH. That is infants' cotton hosiery, which unfortunately is put in with the general cotton schedule; and that we have tried to change before the Tariff Commission and the Ways and Means Committee twice.

Senator GEORGE. Do you make only that one article?

Mr. McCULLOUGH. These 53 mills make only this particular type of stocking, and on that we have no export business. There are no exports.

Senator GEORGE. None at all?

Mr. McCULLOUGH. No, sir.

Senator GEORGE. Also from this same report it appears that the imports of cotton hosiery are less than 1 per cent of the domestic production.

Mr. McCULLOUGH. That, again, is a deceptive figure, for this reason. In that import figure given out by the Department of Commerce, they are bunching all types of cotton hosiery, whereas this is a separate and distinct industry that we have never been able to separate in the tariff act, and therefore we can not get conclusive figures to bring before you.

Senator GEORGE. You did appeal to the Tariff Commission?

Mr. McCULLOUGH. Yes.

Senator GEORGE. And they did make an investigation?

Mr. McCULLOUGH. Yes.

Senator GEORGE. And there was no favorable action on that recommendation, at least?

Mr. McCULLOUGH. That we do not know a thing about, but we have never heard a word from it; no.

Senator GEORGE. You should know something about it, because the record of it is here in the hearing before the House Ways and Means Committee. What is your duty on these goods?

Mr. McCULLOUGH. Fifty per cent.

Senator GEORGE. Presumably, if the recommendation of the Tariff Commission was for a duty in excess of that again, you would have heard something of it, would you not? You would have had some information about it?

Mr. McCULLOUGH. I frankly do not know. The only thing I know is that a recommendation in some form was made to the President, but that the association or the industry has never been informed of the outcome of it.

Senator GEORGE. You would be surprised to know, for instance, that their recommendation was that a duty, say, of 35 per cent would fully cover it?

Mr. McCULLOUGH. On infants' hosiery?

Senator GEORGE. On the subject of their investigation.

Mr. McCULLOUGH. I would be quite surprised to know that; yes.

Senator GEORGE. One more question. Is not the difficulty that the Tariff Commission apparently regards all cotton hosiery as on the same basis, whereas this infants' hosiery is a different proposition? The application was made by these manufacturers, and the report is not made public, but there is evidence here in the House hearings of the consideration of certain specific samples, and I must assume that they were infants' hosiery samples.

Mr. McCULLOUGH. No, Senator. May I correct that, if you do not mind?

Senator GEORGE. Yes.

Mr. McCULLOUGH. When they came to a public hearing which was held in November, 1923, they presented for our consideration and asked us to argue regarding men's cotton half hose and women's cotton hosiery, which we had never referred to in our application.

Now, when they went over the books of the manufacturers of the country, they covered the books of all cotton manufacturers. I was told at that time that that was for the purpose of future investigation, where information was desired and needed; and we specifically at that time said that all we were interested in was infants' hosiery, and we asked for a separate bracket on infants' cotton hosiery, and said we were not referring to anything but this infants' cotton hosiery.

Senator GEORGE. What did you ask for?

Mr. McCULLOUGH. Forty-five cents a dozen pairs in addition to the 45 per cent.

Senator GEORGE. Did you say what that would represent in the ad valorem?

Mr. McCULLOUGH. It would represent an amount of \$3.07½ per dozen pairs on the average on stockings coming in.

Senator GEORGE. It must be in terms of ad valorem.

Mr. McCULLOUGH. In terms of ad valorem.

Senator BINGHAM. The same as now?

Mr. McCULLOUGH. No.

Senator GEORGE. No; he is asking something in addition to his present ad valorem, and I want to know what the equivalent of that would be in an ad valorem duty.

Mr. McCULLOUGH. Just a moment [making calculation].

Senator BINGHAM. Senator, he said that at the present ad valorem, which is the present duty as here, they could not produce it for what it could be landed for, duty paid, with that ad valorem on it; in other words, that the present rate is not sufficient to enable them to produce it and sell it at the present price.

Senator GEORGE. But there is quite a difference in this report.

Senator BINGHAM. That is for the cotton hosiery.

Mr. McCULLOUGH. I beg your pardon, Senator George, but as I say, this whole investigation, from the standpoint of our request, was entirely confined to infants' hosiery, and not to cotton goods.

Senator GEORGE. What I wanted was to have you tell me the ad valorem equivalent, if you could.

Mr. McCULLOUGH. In ad valorem percentages it amounts to 105 per cent.

Senator GEORGE. Yes; so that it is an embargo, a prohibitive duty, you ask here, is it not?

Mr. McCULLOUGH. No, sir; not at all.

Senator BINGHAM. I would like to have an answer to my question that I asked some time ago. I want to know two things.

Mr. McCULLOUGH. Yes, sir.

Senator BINGHAM. First, about the imports of this infants' hosiery for the past five years. Have you any figures on that?

Mr. McCULLOUGH. The Department of Commerce can not give any figures on that because that is bulked with all cotton hosiery. They can give no figures.

Senator BINGHAM. There can be no official figures because there is no bracket?

Mr. McCULLOUGH. No bracket under which they come in. I will leave this memorandum with you showing the reply of the Department of Commerce dated December 29, 1928, wherein they state they can give no specific figures to prove the invoices.

Senator BINGHAM. Then that question can not be answered. The other question is, What are these 53 mills producing in this line, and what have they produced in the last five years?

Mr. McCULLOUGH. In this particular line?

Senator BINGHAM. Infants' cotton hosiery.

Mr. McCULLOUGH. Infants' cotton hosiery. Their production has been running at the rate of about 400,000 a year, only.

Senator BINGHAM. Has it varied much in five years?

Mr. McCULLOUGH. No; because they have not been able to go forward.

Senator BINGHAM. Has it varied any in 10 years?

Mr. McCULLOUGH. Ten years is hard to answer, because we had no infants' hosiery business until 1918 and 1919. That was when that really started.

Senator SIMMONS. Are they doing nothing except making infants' hosiery?

Mr. McCULLOUGH. Strictly infants' hosiery.

Senator SIMMONS. How many men do they employ?

Mr. McCULLOUGH. Running at full time, about 10,000 men.

Senator BINGHAM. You can show, then, no reduction in the domestic production of this article since 1922? It has just been poor, but it has been running right along?

Mr. McCULLOUGH. Running along.

Senator BINGHAM. And there has been no reduction in it?

Mr. McCULLOUGH. No, sir.

Senator BINGHAM. No people are out of work that were in work six or seven years ago in this line?

Mr. McCULLOUGH. This particular line of business; 38 mills have failed since 1921.

Senator BINGHAM. Out of how many mills?

Mr. McCULLOUGH. There are 53 left, and 38 have failed out of 91.

Senator BINGHAM. There were 91 mills, and 38 have failed since 1921?

Mr. McCULLOUGH. Yes.

Senator SACKETT. There are 53 mills left?

Mr. McCULLOUGH. Yes.

Senator SACKETT. Does that not look to you a little bit like the management had something to do with it?

Mr. McCULLOUGH. Why, no. Here an industry was going along prior to the ending of the war, working night and day and could not possibly supply the demand, and suddenly this stuff started to come in here from Germany.

Senator SIMMONS. And you began to make rayon?

Mr. McCULLOUGH. Those that got into rayon quick enough stayed in business. Those that could not change themselves fast enough have gone out of business.

Senator SACKETT. There is something of management there. They got into rayon in time to save their skin, and got along pretty well.

Senator GEORGE. How does the rayon production compare with the domestic production—the rayon imports?

Mr. McCULLOUGH. There are no import figures, because we have a duty of 45 per cent ad valorem, and 50 per cent ad valorem which was written in 1920.

Senator GEORGE. There has been a very rapid increase in rayon?

Mr. McCULLOUGH. Yes; decidedly; and there has been a decided decrease in the price of rayon stockings to the consumer.

Senator GEORGE. But the cotton stockings have stood still?

Mr. McCULLOUGH. There has been a decrease in our production and an increase in imports from Germany.

Senator BINGHAM. How do you know that there has been an increase from Germany?

Senator SIMMONS. You have not shown it.

Senator BINGHAM. That is just it.

Mr. McCULLOUGH. I will show it, as near as anyone can. The Department of Commerce states it has increased, but they could not give us specific information on the infants' hosiery; but they have shown that in 1924 the total of all cotton hose was 397,000 dozen for the year, and in 1928, for 11 months, the total given of all the cotton hose was 677,000 dozen pairs. We are getting a ratio as good as we could get our hands on, but we can not know it, because we have asked time and time again for a distinct and separate bracket.

Senator BINGHAM. It would be an advantage in the future if we give you a separate bracket in that particular article, even if we do not give you much of a raise.

Mr. McCULLOUGH. Yes; decidedly; and we would like a raise, also.

Senator BINGHAM. Where would that come?

Mr. McCULLOUGH. At the end of paragraph 916.

Senator SIMMONS. You stated a little while ago that the exportation of cotton from this country was very large.

Mr. McCULLOUGH. Senator George read it to me.

Senator GEORGE. The exports are in the ratio, to imports, of 11 to 1, and yet there are less than 1 per cent imports from the whole class.

Senator SIMMONS. This infants' hosiery that is cotton, is slightly different from the cotton that you export?

Mr. McCULLOUGH. No.

Senator SIMMONS. The same kind?

Mr. McCULLOUGH. The same kind of cotton, but a different type of merchandise. The export business in American hosiery is of men's

cheap cotton half hose and women's hosiery. It goes all over the world.

Senator SIMMONS. If you can make men's hosiery so cheap that you can sell it for export in all the markets of the world, why can you not make that [indicating samples]?

Mr. McCULLOUGH. Because to do that you would have to ask these mills to scrap every bit of their machinery, because you can not make a stocking on a machine with a cylinder that measures 2½ inches, and make on the same machine a stocking that requires a cylinder that measures 4½ inches.

Senator SIMMONS. Is it not your trouble that the development of the machinery for making certain styles would result in economy, but that you refuse to discard your old and obsolete machinery?

Mr. McCULLOUGH. Decidedly, no. All of this type of work that you see here represents new machinery in so far as this type of goods is concerned; but you can not expect the manufacturers to scrap all that machinery and—

Senator SIMMONS. Have you as good machinery as they have in Germany?

Mr. McCULLOUGH. We have better machinery than they have in Germany. But you can not ask the manufacturer to take all of this equipment, costing millions of dollars, representing all his physical equipment, and simply junk it to-day and replace it by machinery for making infants' hosiery.

Senator SIMMONS. Your machinery is up to date?

Mr. McCULLOUGH. It is far more up to date than the German machinery. We make the finest knitting machines, to-day, in the world.

Senator BINGHAM. As I understand it, these factories you represent are physically unable, with their machinery, to make men's hosiery and women's hosiery, which is what we export in very large volume. These factories are equipped with machines only to make the small sizes, which is a separate branch of the industry?

Mr. McCULLOUGH. Decidedly.

Senator BINGHAM. And although it comes under the general head of cotton hosiery, and a person like myself who knew nothing about it 10 minutes ago might be disposed to believe that if you could not sell infants' hosiery, you at least could go to work and manufacture men's hosiery, the differences are such that you can not make a transformation and go to work and make men's hosiery; and this hosiery is not in the cheap class, it is fairly expensive, and sells at 50 cents a pair?

Mr. McCULLOUGH. That is very good. We call it the ultratype of hosiery. In fact, before the Americans threatened these hose with the rayon hose they sold at 75 cents and a dollar per pair; but with our rayon at 20 cents a leg we have made them come down.

Senator BINGHAM. I think we understand it.

Senator SIMMONS. I do not quite understand it. The gentleman tells us that you can compete with the Germans on labor—

Senator BINGHAM. He did not say labor, Senator.

Senator SIMMONS. Hold on, now—to the extent that we are able to export the normal quantity of our cotton hosiery goods and sell them in competition with the German product in the markets of the

world, but when it comes to making infants' hosiery we can not compete with German labor at all.

Mr. McCULLOUGH. I did not say German labor, Senator.

Senator BINGHAM. What is the price of the kind of hosiery that we export?

Mr. McCULLOUGH. Men's cotton hose runs about \$1.05 a dozen pairs. That is sold over the counter at 20 cents a pair.

Senator BINGHAM. Our export consists of cheap 20-cents-a-pair hosiery?

Mr. McCULLOUGH. Yes.

Senator BINGHAM. What you are talking about is an entirely different grade of hosiery?

Mr. McCULLOUGH. Entirely different grade of hosiery.

Senator BINGHAM. Which the mills are not equipped to make, and they have had to close down because they could not compete?

Mr. McCULLOUGH. With German labor and the price.

Senator SIMMONS. Do you want to be understood as saying that this hosiery which is exported from America is all a very cheap grade of hosiery?

Mr. McCULLOUGH. Yes, I do; what we consider so. It is made in your district and Senator George's district. That is a low-grade cheap cotton hosiery.

Senator SIMMONS. Not any fine?

Mr. McCULLOUGH. No, sir; no fine cotton hosiery is exported out of America. We do not manufacture any fine cotton hosiery in this country.

In your district, Senator, they make a cheap cotton hosiery on mass production, with American machinery, and that is why we are able to compete in the markets of the world on that.

Senator SIMMONS. Your point is that while we can compete in the markets of the world on low-priced hosiery we can not on high-priced hosiery?

Mr. McCULLOUGH. No; I do not make that point at all. We can compete on silk hosiery, in the finest hosiery in the world.

Senator SIMMONS. In the markets of the world?

Mr. McCULLOUGH. Yes.

Senator BINGHAM. High-priced cotton hosiery?

Mr. McCULLOUGH. We do not attempt to make that here.

Senator SACKETT. Why do we attempt to make high-priced cotton hosiery for infants?

Mr. McCULLOUGH. Because there is a demand for it from the consumer that we would like to meet.

Senator SACKETT. Is there not any demand from the consumer for high-priced cotton hosiery for men and women?

Mr. McCULLOUGH. Yes; if it is imported, or if it is marked "imported."

Give us the duty to compete against that stocking in price and get the retailer's business and stop him from going out and buying the imported goods because he can make a longer margin of profit, and he will buy the domestic goods.

Senator SACKETT. Why is not the same thing true on men's and women's hosiery?

Mr. McCULLOUGH. Because we do not attempt to make it; the market is so limited.

Senator SACKETT. But you did not make these stockings prior to the war.

Mr. McCULLOUGH. During and after the war in 1918 and 1919 there were no stockings of that kind to be had anywhere in the world. There was a great demand for them. There were war babies, so-called.

Senator SACKETT. Was the high-priced men's and women's hosiery made in this country before the war?

Mr. McCULLOUGH. No; we have never made any high-priced hosiery.

Senator SACKETT. Were there any produced?

Mr. McCULLOUGH. Yes; in Germany and in England.

Senator SACKETT. They did not go into that in this country?

Mr. McCULLOUGH. No; there was a limited market and a decidedly limited consumption.

Senator BINGHAM. Is not this the case, that in men's high-priced hosiery the man who is willing to pay a higher price or the top price for hosiery takes a certain amount of satisfaction in wearing English hosiery, let us say—

Mr. McCULLOUGH. Yes.

Senator BINGHAM. Whereas the infant does not know the difference?

Mr. McCULLOUGH. Not a bit of difference, as long as it covers the foot.

Senator BINGHAM. And he does not take any particular satisfaction in wearing the imported article?

Mr. McCULLOUGH. Yes.

Senator BINGHAM. And therefore you have a chance to sell to the infant but not to the man?

Mr. McCULLOUGH. Yes.

Senator SACKETT. The infant had better be educated.

Senator BINGHAM. If the infant is educated, then they will go out of business entirely.

Senator SACKETT. That is all right.

Senator BINGHAM. I do not think so. It is all right if you want to put 20,000 people out of business.

Mr. McCULLOUGH. Before I conclude here I want to give an economic example that I think will settle all these things that are in your mind.

Senator BINGHAM. How long will it take you, Mr. McCullough?

Mr. McCULLOUGH. About three minutes.

Senator BINGHAM. Very well.

Mr. McCULLOUGH. The biggest man in the manufacture of hosiery of this kind in the world is Max Fowl, located at Leipzig, Germany, where your tariff men went to investigate this industry. Mr. Fowl, having the largest factory, and being the biggest man in the world in the industry, decided to come over here to America and put us out of business also. He said the Americans come over there and buy his goods and can sell them at a profit here, and he said, "I will go over to America and manufacture my goods, and put them all out

of business." And he came over here and went to Reading and set up a factory, and bought all his machinery and everything necessary to make the goods, and after being in the business a short time, the records of the United States bankruptcy court show that he went into bankruptcy and he has not paid one cent to his American creditors. There is the biggest man in the industry in Germany, and yet when he came over here to Reading to produce the goods here he could not produce them here against his competitors.

Senator SACKETT. What is the reason for that?

Mr. McCULLOUGH. It is the difference of \$35 a week for a man in Reading, as against \$10 a week in Leipzig; and the difference between \$18 for a girl in Reading as against \$6 or \$7 in Leipzig.

Senator BINGHAM. He had his own machinery?

Mr. McCULLOUGH. He had his own machinery, yes. That is all, a matter of record in the bankruptcy court.

Senator GEORGE. How many American mills have paid since 1922?

Mr. McCULLOUGH. Only seven.

Senator BINGHAM. And you say 38 have failed?

Mr. McCULLOUGH. Yes, sir.

Senator GEORGE. When did they fail?

Mr. McCULLOUGH. It is a matter of record. I think most of the failures were right after the enactment of the Fordney-McCumber bill.

Senator GEORGE. Right after?

Mr. McCULLOUGH. Yes; because they were loaded up with merchandise.

Senator BINGHAM. Did the previous tariff give them better protection?

Mr. McCULLOUGH. No; because you were then in the war and the postwar conditions.

Senator BINGHAM. Why do you say they failed right after that?

Mr. McCULLOUGH. Because the Germans jumped right in with this cotton hosiery.

Senator GEORGE. Did the Fordney-McCumber Act provide a duty on rayon?

Mr. McCULLOUGH. Yes; decidedly.

Senator GEORGE. Then is when your profits began to fall off? I say, following that act, which gave this protection to the rayon people, then is when your troubles commenced?

Mr. McCULLOUGH. There were two features in there, the dumping from Germany while our mills were loaded, and the transition from this class of merchandise to the rayon.

Senator GEORGE. Now, have your mills made any profits in the last four or five years?

Mr. McCULLOUGH. The mills still in business, the Treasury Department does not show a net profit on this class [indicating]. It shows a small profit on this.

Senator GEORGE. What does that show?

Mr. McCULLOUGH. Two and a half or three per cent; too low to work on.

Senator GEORGE. On these mills that make this type of hosiery?

Mr. McCULLOUGH. Exclusively; yes, sir.

Senator BINGHAM. Would you be satisfied if you got a separate bracket, and in addition to the present rate on cotton hosiery a specific of 24 cents per dozen?

Mr. McCULLOUGH. A specific of 24 cents, and an ad valorem of 50 per cent?

Senator BINGHAM. The ad valorem just as it is now, but a separate bracket giving you 24 cents a dozen on cotton hose; that is 2 cents per pair.

Mr. McCULLOUGH. And the 50 per cent ad valorem?

Senator BINGHAM. Just as it is now.

Mr. McCULLOUGH. That would be very delightful and very gratefully and thankfully received, with a specific paragraph in there, so that if we are ever forced to come down again we will be able to give you something in the shape of facts and figures to show you how we compete for this business, better than we have been able to in the past.

Senator SACKETT. If you are so very thankful for the 24 cents per dozen specific, how would 12 cents per dozen do?

Mr. McCULLOUGH. It would not be so well.

Senator BINGHAM. He is not making a profit now.

Senator SACKETT. But he is so very thankful and grateful for the 24 cents, and I was asking him how 12 cents a dozen would do.

Mr. McCULLOUGH. Let me answer you just as frankly, Senator.

Senator SACKETT. Very well.

Mr. McCULLOUGH. We have to go again to the Tariff Commission, and in the meantime you have not the 20,000 men at work in this industry.

Senator SACKETT. He offered you 24 cents, and you asked for 45, and you were operating—

Mr. McCULLOUGH (interposing). No; I was not operating. I tell you why. The 24 cents specific goes on, while the ad valorem applies all the time.

Senator SACKETT. So does the 12.

Mr. McCULLOUGH. It would not be as good as the 24—

Senator SACKETT. It seemed to me you were doing a little trading, and that is the reason I am offering to do a little further trading with you—12 instead of 24.

Mr. McCULLOUGH. No; I will not trade. The final outcome will be, if we can not get it, then we must go to the Tariff Commission. It is not your desire, I am sure, to have us wait six years more for an adjustment of this matter. We are employers, and we pay good wages; and six years more will almost ruin any business in the hosiery line.

Senator BINGHAM. Thank you very much.

Senator GEORGE. We are familiar with the Tariff Commission's report; under the resolution of Senator Watson those reports were sent over for our information.

Senator BINGHAM. I understand, Senator, the Tariff Commission regards those as too confidential to go into this record.

Senator GEORGE. I do not know about the Tariff Commission's desires. They were sent over by the Tariff Commission, of course.

Senator BINGHAM. For our use.

Senator GEORGE. I want to get the Tariff Commission's report considered in connection with this.

Senator BINGHAM. We have it here and it will be considered, but it can not be made public.

Senator SIMMONS. Let it be entered there in the record that it was sent over for the use of the committee in executive session.

Senator BINGHAM. Yes; it is available, but can not be made public.

Senator SIMMONS. Mr. Chairman, I understand the facts found by the Tariff Commission can not be disclosed as they are considered confidential, but their conclusions would be perfectly proper.

Senator GEORGE. It seems to me it very vitally affects the rights and the interests of the whole people, by being increased out of all proportion.

Senator BINGHAM. I agree with you, Senator. I object to this secret matter entirely. I do not think it is fair to us that we should have to base our conclusion on secret matter which is not open to the public. We are just as liable to be misjudged as anyone.

Senator GEORGE. I think that would be, at least, a matter for the whole committee.

Senator BINGHAM. Yes.

Senator GEORGE. I simply wanted it noted that there is a report.

BRIEF OF THE HOSIERY GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS & TRADERS (INC.), AND OTHER IMPORTERS OF HOSIERY

Cotton hosiery is provided for in paragraph 916 of the tariff act of 1922, as follows:

"PAR. 916. Hose and half-hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, composed of cotton or other vegetable fiber, made wholly or in part on knitting machines, or knit by hand, 50 per cent ad valorem.

"Hose and half-hose, finished or unfinished, made or cut from knitted fabric composed of cotton or other vegetable fiber, and not specially provided for, 30 per cent ad valorem."

As to wholesale dealers in domestic and imported hosiery, we filed two briefs with the Committee on Ways and Means (Tariff Readjustment—1929, pp. 5579-5587) requesting a reduction of these rates of duty to 40 per cent and 25 per cent ad valorem, respectively. We also requested that "clocked" (embroidered) hosiery, which was dutiable at the regular hosiery rate in the cotton-hosiery paragraphs of the tariff acts of 1894, 1897, 1909, and 1913, and which is now dutiable as embroidered wearing apparel, be excepted from the embroidery paragraph (par. 1529, H. R. 2667) and restored to the cotton-hosiery paragraph at the rate of 40 per cent ad valorem.

The House of Representatives made no change in the rates of duty on cotton hosiery in paragraph 916 but increased the rate on embroidered articles from 75 per cent (par. 1430, tariff act of 1922) to 90 per cent ad valorem (par. 1529, H. R. 2667).

We therefore renew our request that the rates of duty on cotton hosiery be reduced as above referred to, and we particularly urge that "clocked" (embroidered) cotton hosiery be excepted from the embroidery paragraph (par. 1529, H. R. 2667) and again made dutiable under the cotton-hosiery paragraph (par. 916, H. R. 2667), where it properly belongs.

The reasons for our requests are as follows:

1. The total imports of cotton hosiery from all countries into the United States are less than 1 per cent of the domestic production of cotton hosiery.
2. The imports of cotton hosiery have been declining for the past 20 years and are now only 11 per cent of what they were in 1909.

3. The exports of cotton hosiery are seven times as much as the imports.
4. The present duties on cotton hosiery were enacted when foreign prices, due to depreciated currency, were comparatively low. The foreign prices of cotton hosiery are now about two and one-half times as much as they were when the tariff act of 1922 was enacted.
5. The wholesale and retail selling prices of imported cotton hosiery in the United States are now twice as much as the pre-war prices.
6. The United States Tariff Commission's comparisons of costs of production of domestic and imported cotton hosiery indicate that the present duties are excessive.
7. Practically none of the imported cotton hosiery is similar to the domestic product. Where they do compete, the domestic article usually undersell the imported article in this market.
8. The classification of "clocked" (embroidered) hosiery under the embroidery paragraph at a higher rate of duty than that applicable to other cotton hosiery is unnecessary and unwarranted; because the importations of embroidered cotton hosiery are very small and they are not similar to the domestic product.

I. THE TOTAL IMPORTS OF COTTON HOSELY FROM ALL COUNTRIES INTO THE UNITED STATES ARE LESS THAN 1 PER CENT OF THE DOMESTIC PRODUCTION OF COTTON HOSELY.

According to the Summary of Tariff Information, 1929, recently compiled by the United States Tariff Commission, the domestic production of cotton hosiery for the year 1927 (the last year for which statistics are available), amounted to:

Quantity (dozen pairs) 46,289,824; value (dollars) 71,064,787.

From the same source we learn that the imports of cotton hosiery for the year 1927 were:

Quantity (dozen pairs) 380,206; value (dollars) 1,397,665.

The imports of cotton hosiery are, therefore, less than 1 per cent of the domestic production.

II. THE IMPORTS OF COTTON HOSELY HAVE BEEN DECLINING FOR THE PAST 20 YEARS AND ARE NOW ONLY 11 PER CENT OF WHAT THEY WERE IN 1909

According to Commerce and Navigation Reports, the imports of cotton hosiery of all kinds (except embroidered) in the year ending June 30, 1909, were:

Quantity (dozen pairs), 5,068,003; value (dollars), 6,390,923.

Since then they have steadily declined until, as stated in the Summary of Tariff Information, referred to, they amounted in the year 1928 to—

Quantity (dozen pairs), 557,994; value (dollars), 1,933,352.

The imports of cotton hosiery are, therefore, only 11 per cent of what they were in the year ending June 30, 1909.

The United States Tariff Commission recently prepared a compilation showing the imports of cotton hosiery in each year and according to tariff acts from 1891 to 1926. It is assumed that the Committee on Finance will have copies of that compilation, which will show a constant decline in such imports year by year from 1909 until, as stated before, they are now only one-ninth of what they were then.

III. THE EXPORTS OF COTTON HOSELY ARE SEVEN TIMES AS MUCH AS THE IMPORTS

According to the same Summary of Tariff Information, 1929, the exports of domestic cotton hosiery in the year 1928 amounted to—

Quantity (dozen pairs), 3,875,417; value (dollars), 6,728,216.

In the same year, as already stated, the imports of cotton hosiery were only—

Quantity (dozen pairs), 557,994; value (dollars), 1,933,352.

The exports of domestic cotton hosiery are, therefore, almost seven times as much as the imports.

This fact demonstrates that little or no protection is required by the domestic industry; because the domestic manufacturers are evidently able to compete on equal terms with the foreign manufacturers in the foreign markets.

IV. THE PRESENT DUTIES ON COTTON HOSIERY WERE ENACTED WHEN FOREIGN PRICES, DUE TO DEPRECIATED CURRENCY, WERE COMPARATIVELY LOW. THE FOREIGN PRICES OF COTTON HOSIERY ARE NOW ABOUT TWO AND ONE-HALF TIMES AS MUCH AS THEY WERE WHEN THE TARIFF ACT OF 1922 WAS ENACTED

From the compilation of imports according to tariff acts prepared by the United States Tariff Commission and above referred to the total foreign value of cotton hosiery of all kinds (except embroidered) imported from January 1 to September 21, 1922 (the date of enactment of the present tariff law) was \$1,601,453; the quantity imported during that period was 1,096,490 dozen pairs; and the average foreign value (foreign selling price) during the same period was \$1.461 per dozen pairs. At that time, as is well known to the Committee on Finance, foreign currencies, particularly in Germany, where most of the imported cotton hosiery comes from, were greatly depreciated.

According to the Summary of Tariff Information, 1929, the total foreign value of cotton hosiery of all kinds (except embroidered) imported in the year 1928 was \$1,933,352 and the total quantity imported in the same year was 557,994 dozen pairs. The average foreign selling price during the year 1928 was accordingly \$3.46 per dozen pairs.

The foreign selling prices of imported cotton hosiery are therefore about two and one-half times as much as they were in the year 1922, when the present duties were enacted.

V. THE WHOLESALE AND RETAIL SELLING PRICES OF IMPORTED COTTON HOSIERY IN THE UNITED STATES ARE NOW TWICE AS MUCH AS THE PRE-WAR PRICES

We tabulate here a few comparisons of the wholesale and retail selling prices of imported cotton hosiery in the United States in 1913 (pre-war) and to-day.

Item No.	Wholesale price (per dozen pairs)		Retail price (per pair)	
	Then	Now	Then	Now
1207.....	\$2.25	\$6.60	\$0.25	\$0.75
1598.....	4.25	7.75	.50	1.00
1648.....	4.25	7.75	.50	1.00
1606.....	4.25	8.75	.50	1.15
10.....	2.05	3.75	.25	.50
1188-A.....	2.05	3.90	.25	.50
1307.....	2.25	4.25	.25	.50
3926.....	3.00	5.75	.35	.75

Item No. 1207 is women's cotton hose, full fashioned, with unbleached split foot, black.

Item No. 1598 is women's cotton hose, full fashioned, with unbleached split foot, black, made of Egyptian cotton.

Item No. 1648 is women's mercerized cotton (lisle) hose, full fashioned, dyed in all colors.

Item No. 1606 is women's mercerized cotton (lisle) hose, full fashioned, black, with lavender top.

Item No. 10 is infants' plain mercerized cotton (lisle) sock, full fashioned, dyed in all colors.

Item No. 1188-A is infants' mercerized cotton (lisle) sock, full fashioned, in fancy colors and with fancy top.

Item No. 1307 is men's cotton half hose, full fashioned, with unbleached split foot, black.

Item No. 3926 is men's mercerized cotton (lisle) half hose, full fashioned, black.

Samples of all items referred to were filed with the Committee on Ways and Means.

These illustrations are typical of the increases in the wholesale and retail selling prices of imported cotton hosiery in the United States since 1913. As a result of these increases it is now impossible to import many of the better qualities which were imported before the war, because to-day's prices are so high that the consumer prefers to purchase silk hosiery instead of cotton hosiery.

VI. THE UNITED STATES TARIFF COMMISSION'S COMPARISONS OF COSTS OF PRODUCTION OF DOMESTIC AND IMPORTED COTTON HOSIERY INDICATE THAT THE PRESENT DUTIES ARE EXCESSIVE

On November 20, 1923, the United States Tariff Commission issued a Summary of Information relating to cotton hosiery, which included data obtained in the commission's investigation (under sec. 315 of the tariff act) of the differences in costs of production of cotton hosiery in the United States and abroad. From that summary it appears that cotton hosiery is imported principally from Germany and that the next largest volume of imports comes from England. Several charts, prepared by the commission, comparing American, German, and English costs of production of specific samples of cotton hosiery, will be found in the summary referred to.

For the information of the Committee on Finance, we copy here the total cost of production and the landed price of the American, German, and English cotton hosiery as they appear in the commission's summary referred to.

CHART NO. 1

	American		German	English
Sample number.....	2 A1	1 C1	103 A1	106 A1
Total cost.....	\$2.26	\$2.4268	\$1.952	\$1.460
Landed price.....	2.25	2.35	3.40	2.725

CHART NO. 2

	American	German
Sample number.....	14 A. C.	104 B. I.
Total cost.....	\$1.8531	\$1.281
Landed price.....	1.65	2.20

CHART NO. 2

	American	German
Sample number.....	15 B. C.	104 A1
Total cost.....	\$1.9143	\$1.276
Landed price.....	2.25	2.20

CHART NO. 2

	American	German	English
Sample number.....	20 E. I.	104 C1	200 A1
Total cost.....	\$1.4269	\$0.735	\$1.1512
Landed price.....	1.00	1.14	1.9192

CHART NO. 3

	American	German
Sample number.....	45 D. M.	101 D. M.
Total cost.....	\$2.4238	\$3.22
Landed price.....	2.35	6.10

CHART NO. 4

	American	German
Sample number.....	24 D. M.	101 C. M.
Total cost.....	\$2.9901	\$2.66
Landed price.....	3.20	5.35

CHART NO. 5

	American	English
Sample number.....	34 EL	201-C
Total cost.....	\$1.2518	\$1.8903
Landed price.....	1.20	3.0847

CHART NO. 6

	American	German	English
Sample number.....	45 CL	102 AL	201-B
Total cost.....	\$2.7873	\$3.6490	\$3.2712
Landed price.....	2.15	6.10	5.7822

CHART NO. 7

	American	English
Sample number.....	46 D. L.	201-D
Total cost.....	\$1.9962	\$2.3783
Landed price.....	1.85	3.85

An examination of the United States Tariff Commission's cost comparisons referred to will disclose that in one instance the landed price of the imported hosiery is about 4 per cent less than the landed price of the domestic hosiery. In the case of the other eight comparisons the landed price of the imported hosiery exceeds the landed price of the domestic hosiery by from 14 per cent to 160 per cent.

In 1923, the period when the United States Tariff Commission was investigating, the average foreign selling price of imported cotton hosiery of all kinds (except embroidered), according to the commission's compilation of imports above referred to, was \$2.578 cents per dozen pairs. As previously stated, the average foreign selling price of imported cotton hosiery of all kinds (except embroidered) in 1928 was \$3.46 per dozen pairs, evidently reflecting an increase in the cost of production of imported cotton hosiery since 1923.

We, therefore, feel justified in concluding from the United States Tariff Commission's comparison of costs of production in this country and abroad, that the present duties on cotton hosiery are excessive.

We are informed that the report of the United States Tariff Commission, finding the differences in costs of production of domestic and imported cotton hosiery, has been submitted to the President.

VII. PRACTICALLY NONE OF THE IMPORTED COTTON HOSEYERY IS SIMILAR TO THE DOMESTIC PRODUCT. WHERE THEY DO COMPETE, THE DOMESTIC ARTICLE USUALLY UNDERSELLS THE IMPORTED ARTICLE

Practically all domestic cotton hosiery (amounting to more than 46,000,000 dozen pairs per annum) consists of the seamless lower-priced goods. The imported cotton hosiery, on the other hand (amounting to about 500,000 dozen pairs per annum), is all full fashioned and of the finer qualities.

A large part of the imports also consists of fancy novelties, which are produced abroad on a small scale and can not be made by the domestic industry owing to the lack of the necessary machinery. These imported novelties, it should be noted, due to the everchanging desires of the purchasing public, have a selling life of 60 to 90 days only. They must then be replaced by some new creative idea imported from abroad which will strike the popular fancy.

So far as the novelties are concerned, their importation should be encouraged. They furnish new ideas of patterns and color combinations to the domestic industry which are successfully copied and adopted in the domestic lines, and have stimulated and increased the demand for the domestic product.

On the comparatively few numbers of domestic and imported hosiery which are similar and do compete with one another, it is our experience that the domestic article usually sells at a lower price than the imported article. For illustration, we tabulate here three numbers of domestic hosiery and three numbers of similar imported hosiery with the wholesale prices of each item referred to.

Domestic No. B/M compared with imported No. 1648: Wholesale price of No. B/M (domestic), \$7 less 3 per cent per dozen pairs; wholesale price of No. 1648 (imported), \$7.75 net per dozen pairs.

These two numbers are women's mercerized cotton (lisle) hose.

Domestic No. 98/34 compared with imported No. 10: Wholesale price of No. 98/34 (domestic), \$1.95 net per dozen pairs; wholesale price of No. 10 (imported), \$3.75 net per dozen pairs.

These two numbers are infants' plain mercerized cotton (lisle) socks.

Domestic No. 1546B compared with imported No. 1188A: Wholesale price of No. 1546B (domestic), \$2.85 net per dozen pairs; wholesale price of No. 1188A (imported), \$3.90 net per dozen pairs.

These two numbers are infants' mercerized cotton (lisle) socks in fancy colors with fancy top.

It should also be noted that the domestic manufacturers are able to produce women's mercerized cotton (lisle) hose to be sold at wholesale at \$5.75 per dozen pairs. The domestic hose referred to is No. A/M. There is nothing in the imported line which can compete with this hose. The cheapest women's mercerized cotton (lisle) hose that is imported sells at wholesale for \$7.75 per dozen pairs. Samples of all items referred to were filed with the Committee on Ways and Means.

In leaving this point, we respectfully repeat that the domestic and imported lines of cotton hosiery, practically speaking, do not compete with one another and that one is a complement of the other. In those few cases where there is competition, the price advantage is usually with the domestic article.

VIII. THE CLASSIFICATION OF "CLOCKED" (EMBROIDERED) HOSE UNDER THE EMBROIDERY PARAGRAPH AT A HIGHER RATE OF DUTY THAN THAT APPLICABLE TO OTHER COTTON HOSE IS UNNECESSARY AND UNWARRANTED, BECAUSE THE IMPORTATIONS OF EMBROIDERED COTTON HOSE ARE VERY SMALL AND THEY ARE NOT SIMILAR TO THE DOMESTIC PRODUCT

"Clocked" (embroidered) cotton hosiery was dutiable under the cotton hosiery paragraphs of the tariff acts of 1894, 1897, 1909, and 1913. It was omitted from the cotton hosiery paragraph of the tariff act of 1922. As a result, the small amount of embroidery on "clocked" cotton hosiery has made such hosiery dutiable under the provision for embroidered articles in paragraph 1430 of the present tariff act at the rate of 75 per cent ad valorem instead of at the rate of 50 per cent ad valorem or 30 per cent ad valorem which applies to other cotton hosiery. It would be burdensome enough if the high rate applicable to embroidered articles and evidently intended for luxuries were assessed on the value of the "clocking" alone. But it is applied to the whole value of the finished article, no matter how small a part of that value is represented by the cost of the "clocking."

To make matters worse the House of Representatives recently increased the rate of duty in the embroidery paragraph from 75 per cent ad valorem (par. 1430, tariff act of 1922) to 90 per cent ad valorem (par. 1529, H. R. 2667). If that unusually high rate remains in the bill as enacted and is applied to "clocked" cotton hosiery, it will make the cost of same altogether prohibitive and will cut off completely the very small quantity of such hose that is now imported. At the same time no one will be benefited, because such hose is dissimilar to anything produced in the United States.

"Clocked" cotton hosiery, it must be remembered, is not a luxury. Some of the cheaper as well as the better qualities of cotton hose are clocked.

According to commerce and navigation reports, the total importations of embroidered cotton hosiery in the year 1927 (the last year for which statistics are available) were only 39,013 dozen pairs, valued at \$238,040.

In view of these circumstances and the fact that imported "clocked" cotton hosiery is not similar to the domestic product, a separate provision and a higher rate of duty for "clocked" cotton hosiery are unnecessary and unwarranted.

We therefore respectfully urge that such hosiery be excepted from the operation of the embroidery paragraph and restored to the cotton hosiery paragraph in the proposed tariff act, where it properly belongs and where it was dutiable under the tariff acts of 1894, 1897, 1909, and 1913.

CONCLUSION

The undersigned, wholesale dealers in domestic and imported hosiery, are confident that the Committee on Finance will recognize and adopt the recommendations herein contained as reasonable and necessary.

Respectfully submitted.

HOSIERY GROUP, NATIONAL COUNCIL OF AMERICAN
IMPORTERS AND TRADERS (INC.),

New York, N. Y.

Associated Merchandising Corporation, New York; Brown Durrell Co., Boston; S. L. Gilbert & Co. (Inc.), New York; H. Jacquin & Co., New York; Krueger Tobin Co., New York; F. A. MacCluer, New York; Van B. Moler Co. (Inc.), New York; Moore & Fisher (Inc.), New York; Raymond Turk & Co., New York; Rubens & Meyer, New York; Tams & Horn (Inc.), New York; Taylor & Watson (Inc.), New York; E. M. Townsend & Co., New York; Alex. Lee Wallau (Inc.), New York; Westminster (Ltd.), New York.

SUPPLEMENTAL BRIEF OF THE HOSIERY GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS, INC., AND OTHER IMPORTERS OF HOSIERY

The attention of the Committee on Finance is respectfully invited to the comments of Moore & Fisher (Inc.), a member of our group, as set forth in the appendix attached hereto, in reply to the request for an increase of duty on infants' cotton hosiery.

Respectfully submitted.

NATIONAL COUNCIL OF AMERICAN IMPORTERS & TRADERS (INC.),
New York, N. Y.

With reference to the plea of the representative of the National Association of Hosiery and Underwear Manufacturers to your honorable committee for an increase of duty on the imports of children's and infants' cotton hosiery, we desire to enter our emphatic protest against such a proposition being entertained, for many and various reasons.

1. The domestic mills manufacturing infants' fancy socks in the United States to-day are not in need of any protection, for the reason that none of them can make or are making the character of goods such as are being imported to-day from Germany. The reason why the imported goods sell so freely is that they are made full fashioned and appeal to a class of trade that will not use seamless merchandise. No mill in this country is able to make them this way, due to lack of proper machinery and organization necessary to handle the technique of full-fashioned goods.

Then, too, the variety of styles that the foreign mills show is legion, whereas the domestic mills only show a limited number of patterns, on which they insist on volume production, which is practically impossible when the demand is for such a large and varied color range. Orders for imported goods can be placed in units of 100 dozen of a pattern, whereas the domestic mills insist on volume production of each individual pattern and will not manufacture any style unless they book business accordingly.

2. The domestic mills are equipped to manufacture only the cheaper grade of merchandise, and inasmuch as, in order to sustain their volume production, they solicit business from chain stores throughout the country, they thereby compel the legitimate retail stores to discontinue carrying merchandise of this character on account of their inability to compete with chain-store selling prices.

3. The only mill that is equipped to handle the better grade of cotton socks with fancy tops is the Junior Hosiery Mill, of Philadelphia, Pa., and it has been working to capacity all season in order to take care of the business it has booked. The goods it manufactures are the nearest in competition to any of the foreign make, and its prices range from \$2.10 to \$2.70 on the few styles it offers.

Our business runs on an average of from 60 to 75 per cent domestic goods to 25 to 40 per cent foreign, and if the domestic mills were equipped to take care of the grade of imported socks such as we feature, we would be very glad to have them do so, but despite the fact that they have had this problem before them for many years, absolutely no steps have been made even to attempt to manufacture the same class of goods such as the importers are using to-day.

Specific mention is made of the fact that Max Pfau Co., the parent headquarters of which are in Chemnitz, Saxony, started a mill at Reading, Pa., four years ago and went bankrupt. We are very familiar with the entire story regarding the failure of this mill, inasmuch as we do a large business with the parent mill, and we know that the present tariff had absolutely nothing to do in any way with its failure, which was due entirely to mismanagement, lack of proper attention to the business in general, and a lack of knowledge of what the needs of the domestic jobbers were in this country.

We would further state that the failure of 38 mills since 1922, which the representative mentions, can in no way be attributed to lack of tariff protection, but, on the other hand, as any one who is familiar with this class of business can testify, in the majority of cases the failure to succeed was due to the fact that they either did not have the proper style sense for this class of trade or the experience sufficient to operate a mill of this character successfully, or were represented by incompetent or unreliable selling agents who were not in touch with the proper class of trade.

4. We beg further to submit a report from the Daily New Record, dated March 14, 1929, which is a public notice to the trade that all of the mills around Philadelphia manufacturing infants' socks are having the largest business that they have had for many years.

5. The present rate of duty is quite a heavy burden for the importer to bear, for at least 10 per cent of the total quantity imported in infants' fancy socks has to be closed out at considerably less than cost and, when all is said and done, the net profit on the total sales is considerably small.

The volume of 50-cent imported fancy socks used in this country is negligible in comparison to the domestic production and we feel sure that, instead of being confronted with an increase of duty, the importers are entitled to a decrease in order that they may be able profitably to market their importations.

Respectfully submitted.

MOORE & FISHER (INC.),
WM. MATHEWS, *President.*

DEMAND FOR INFANT SOCKS BIG IN PHILADELPHIA—MANY REPEAT ORDERS OF JOBBERS CAN NOT BE FILLED BEFORE MAY, SAY REPORTS

[Philadelphia Bureau, Daily News Record]

PHILADELPHIA, March 13.—According to manufacturers of infants' socks, there is more activity in that division of hosiery than has been experienced in a number of years. Jobbers, it is stated, are offering repeat orders many of which can not be filled before May, and some distributors are confronted with the necessity for withdrawing certain popular numbers. Manufacturers, it appears, have had a more hearty response from retailers than had been anticipated, and, in the case of some mill lines, will have to be content with late deliveries.

The situation is viewed by manufacturers and selling agents as supplying an effective buffer for resisting buyers' insistence upon lower prices since rayon yarns have undergone a reduction. According to several manufacturers, considerably fewer rayon socks are being taken by jobbers this year than in 1928. One concern estimates that sales are but 10 per cent of those of last year. A large part of the sock production is of rayon and mercerized yarn in combination, and it is pointed out that in this class the increase in mercerized prices more than offsets the amount of the reduction in rayon yarn. At any rate, say mill representatives, there is a demand for socks for spring delivery that precludes the possibility of any mark down, buyers at present being less concerned with prices than with delivery dates.

COTTON SHIRTS

[Par. 919]

STATEMENT OF RALPH HUNTER, NEW YORK CITY, REPRESENTING
NATIONAL ASSOCIATION OF SHIRT MANUFACTURERS

(The witness was duly sworn by Senator Bingham.)

Mr. HUNTER. The shirt industry strongly protests against the non-compensatory rate of duty on shirts, included at 37½ per cent ad valorem, under cotton wearing apparel in paragraph 919, Schedule 9, H. R. 2667.

We ask that either of the two following clauses be added to paragraph 919 as an amendment to H. R. 2667:

(1) Shirts of cotton, not specially provided for, 35 per cent ad valorem, or 15 per cent ad valorem in addition to rate on chief component material, whichever yields the higher tariff return.

Senator BINGHAM. Please read that again.

Mr. HUNTER (reading):

Shirts of cotton, not specially provided for, 35 per cent ad valorem, or 15 per cent ad valorem in addition to rate on chief component material, whichever yields the higher tariff return.

Or, —

(2) Shirts of cotton—

Senator BINGHAM. Is that "or"?

Mr. HUNTER. "Or." These are two paragraphs, and we ask you to take the option.

Senator SACKETT. What is the second?

Mr. HUNTER. "2. Shirts, of cotton, not specially provided for, 57½ per cent ad valorem."

Senator BINGHAM. How much?

Mr. HUNTER. Fifty-seven and one-half per cent ad valorem.

Senator BINGHAM. That is an increase from 37 per cent, is it?

Mr. HUNTER. Thirty-seven per cent from the Fordney-McCumber bill; 35 per cent by the Ways and Means Committee.

Senator SIMMONS. Thirty-five?

Mr. HUNTER. Yes, sir. We asked that the Ways and Means Committee give us the old rate. But with the 15 per cent ad valorem in addition to the rate on the chief component material, whichever yields the higher tariff return.

Senator SACKETT. That is 35 and 15?

Mr. HUNTER. No, sir; it is 35, or 15 per cent in addition to the chief component material of the shirt.

Senator BINGHAM. You are asking for an increase of about 7 per cent over the ad valorem duty?

Mr. HUNTER. Yes, sir.

Senator BINGHAM. Over the present figure?

Mr. HUNTER. Yes, sir. The shirt industry has suffered for the reason we have never been able to find out why cotton wearing apparel, especially shirts, are at a lower rate of duty than the material in the garment.

Senator BINGHAM. Is that true in the bill now before us?

Mr. HUNTER. Yes, sir.

Senator BINGHAM. You say that the duty on manufactured shirts is less than the duty on the material out of which they are manufactured?

Mr. HUNTER. Yes; in the better grades of the higher grades. I will show you that here is our little brief.

Senator BINGHAM. So that it is better for the shirt manufacturer to have his factory abroad and use foreign labor and bring his product in in the wholly manufactured state than it is for him to buy foreign material here and employ American labor in making it up?

Mr. HUNTER. Exactly.

Senator BINGHAM. That is a strange state of affairs. I would like to know why that was done.

Mr. HUNTER. We have never been able to find out, and in our little brief here, which will take but a few minutes, I will give you the facts.

Senator BINGHAM. You may proceed.

Mr. HUNTER. In the tariff act of 1922, 45 per cent ad valorem is the maximum rate on shirting fabrics. (See pars. 903-9-6-908.) Shirts, included under cotton wearing apparel, are dutiable at 35 per cent ad valorem. (See par. 919.)

In the present tariff bill, H. R. 2667, 62½ per cent ad valorem is the maximum rate on shirting fabrics. (See par. 904, sec. (c) and (d), and par. 908.)

Senator BINGHAM. Which paragraphs?

Mr. HUNTER. Paragraph 904, section (c) and (d), and paragraph 908.

Senator BINGHAM. Where did you get that last?

Mr. HUNTER. Paragraph 908, shirtings in rayon.

Senator SACKETT. Did I understand you that the material shirts are made of bears a duty of 60 per cent, and the shirt itself 35 per cent?

Mr. HUNTER. No, sir; in the Fordney Act 35 is the maximum.

Senator BINGHAM. What is it in the new bill?

Mr. HUNTER. The maximum on shirtings is 62½ per cent.

Senator BINGHAM. And the maximum on shirts?

Mr. HUNTER. Thirty-seven and one-half per cent.

Senator BINGHAM. That is extraordinary.

Mr. HUNTER. Increasing the textile tariff 19 per cent and the finished shirt 13 per cent. So that in a small amount you can bring in the finished shirt cheaper than the material to make the shirt from.

Senator BINGHAM. In other words, it puts the shirt maker and the labor employed absolutely out of the business?

Mr. HUNTER. Yes, sir—not the shirt maker. We have established branches on the other side, and the value to the consumer extends to our product.

Senator GEORGE. That is on the higher-priced shirts?

Mr. HUNTER. These are all in the higher-priced shirts.

Senator GEORGE. The statement you made would not affect the lower-priced shirts?

Mr. HUNTER. No, sir; not in any way the lower priced, at \$3 to \$3.50, possibly.

Senator GEORGE. It would not affect those?

Mr. HUNTER. No, sir; that is why 35 per cent is ample on the lower-priced merchandise. We do not want anything that is not fair. We do want a fair consideration of the position we are placed in. I have outlined these things here, and they are very simple.

Senator BINGHAM. Proceed.

Mr. HUNTER. The duty on shirts, included under other wearing apparel not specially provided for, is proposed as 37½ per cent ad valorem. (See par. 919.)

Thus the maximum duty on shirting fabrics in chief value of cotton has been increased 39 per cent, from 45 to 62½ per cent ad valorem, while the duty on shirts was increased 7 per cent, from 35 to 37½ per cent ad valorem.

This is neither fair nor logical. It puts a higher premium upon foreign manufacture of shirts, already encouraged by the non-compensatory rate established in the tariff act of 1922. It is a discrimination against the shirt industry which seriously threatens to defeat the purpose of the increases granted to the textile industry.

The importation of a dozen shirts represents the importation of 30 yards of shirting fabric. Thread, pearl buttons, pins, agate buttons, woven labels, and so forth, pay various rates of duty up to 70 per cent ad valorem when imported as individual items for manufacturing purposes. But, if H. R. 2667 becomes a law in its present form, the finished shirt made abroad, representing material plus labor, plus buttons, thread, and so forth, can be imported at 37½ per cent ad valorem.

Senator SACKETT. Well, does the effect of that make you go to the purchase of domestic material for the manufacture of shirts?

Mr. HUNTER. Well, the effect of this will be, as I was going to state, we as manufacturers have a way out by establishing branches on the other side and bringing them through with this tariff—breaking the tariff up by bringing in the finished shirts.

Senator BINGHAM. You then bring in the high-grade shirts?

Mr. HUNTER. Yes, sir.

Senator BINGHAM. And not the materials?

Mr. HUNTER. Yes, sir. And we do not have to show a profit on the other side. We bring them in as finished shirts. That is not of our conception. That is a precedent that has been established.

Senator SACKETT. Those two clauses that you make out there, "Shirts, of cotton, not specially provided for"; what is not provided for?

Mr. HUNTER. Nothing.

Senator SACKETT. Why does that not protect your cheap shirts as well as the others?

Mr. HUNTER. That cotton textile was on the basis that is given here. We do not feature the foreign merchandise.

Senator SACKETT. I do not see how it limits it to the higher-priced shirts.

Mr. HUNTER. The maximum duty on shirting fabrics, in chief value of cotton, has been increased 39 per cent, from 45 per cent to 62½ per cent ad valorem, while the duty on shirts was increased 7 per cent, from 35 per cent to 37½ per cent ad valorem.

Senator SACKETT. Why does not that affect the secondary shirt the same as the other?

Senator SIMMONS. Where do you get the chief material from?

Mr. HUNTER. It is made in this country.

Senator SIMMONS. Made in this country?

Mr. HUNTER. Yes, sir.

Senator SIMMONS. That, you say, has been advanced by reason of this?

Mr. HUNTER. No, sir; I do not think there has ever been a time when the shirts or the material have been cheaper than at the present time owing to the competition in the textile industry.

Senator SIMMONS. I am talking about the chief value.

Mr. HUNTER. Yes, sir.

Senator SIMMONS. As I understand you, the material of chief value is given a higher rate than the shirt itself?

Mr. HUNTER. Yes, sir. I misunderstood the word "chief" for "cheap."

Senator SIMMONS. Those are the chief items?

Mr. HUNTER. The chief items are thread, pearl buttons, pins, agate buttons, and so forth.

Senator SIMMONS. There is a duty on all those things?

Mr. HUNTER. There is a duty; yes, sir.

Senator SIMMONS. And they are the material out of which you make shirts?

Mr. HUNTER. Yes, sir.

Senator SIMMONS. Now, you say that in addition to that you want a compensatory duty on the shirt?

Mr. HUNTER. We want a compensatory duty on the shirt and the component parts, which are the fabrics. The buttons, pins, and so forth, are inconsequential.

Senator SIMMONS. You want on the raw material a compensatory rate?

Mr. HUNTER. We want the duty on the raw material to be the same as the finished article and on the component parts. And all we ask is 15 per cent ad valorem in addition to the rate on chief component material, or 35 per cent ad valorem on shirts, whichever yields the highest tariff return. That is all we ask.

Senator GEORGE. Let me ask you: The duty on the material is simply a duty on the value, of course, of that material. And when you come to figure the duty on the shirt you figure that on the value of the shirt, do you not?

Mr. HUNTER. Yes, sir.

Senator GEORGE. So that your duty really does cover the materials that have gone into it and the workmanship and the labor?

Mr. HUNTER. It does to a certain extent. That is one of the reasons that we are bringing a request for 15 per cent in addition to the rate on material.

Senator GEORGE. Fifteen per cent?

Mr. HUNTER. Yes; because part of it is applied—

Senator GEORGE (interposing). You are asking for 15 per cent?

Mr. HUNTER. Fifteen per cent, because we are protected by 37½ on the finished article coming in.

Senator GEORGE. You have 35 per cent under the Fordney Act?

Mr. HUNTER. Yes, sir.

Senator GEORGE. And the House put it at 37½?

Mr. HUNTER. Yes; and on textiles, 62½.

Senator GEORGE. Sixty-two and a half?

Mr. HUNTER. Yes; but not on shirts.

Senator SACKETT. Some other witness asked for 45.

Senator BINGHAM. Let me see if I get this straight: You propose a change in the House bill lowering the duty on cheap shirts from 37½ per cent to 35 per cent; is that correct?

Mr. HUNTER. Correct.

Senator BINGHAM. Actually lowering the duty on shirts?

Mr. HUNTER. Yes, sir.

Senator GEORGE. Right there: All the shirts under the House bill are 37½ per cent?

Mr. HUNTER. Yes; but not subdivided up into cotton wearing apparel.

Senator GEORGE. That is, it figures out that way?

Mr. HUNTER. Yes, sir.

Senator BINGHAM. And he is proposing a lower duty on the cheap shirts?

Mr. HUNTER. Yes, sir.

Senator BINGHAM. Now, if the alternative is 15 per cent ad valorem in addition to the components, and the raw material, whichever yields the higher return—in other words, if the cheap shirt comes in so that 15 per cent added to the component material makes it less, as it would, then they are satisfied with 35 per cent, which is less than the House bill; but if it is an expensive shirt that comes in, on an expensive shirt you want a rate on the cloth plus 15 per cent ad valorem?

Mr. HUNTER. Correct; yes, sir.

Senator GEORGE. And that cloth rate might run as high as what, in this bill?

Mr. HUNTER. Sixty-two and a half per cent.

Senator GEORGE. And you want 62½, plus this other?

Mr. HUNTER. Yes, sir.

Senator BINGHAM. Otherwise they would have to move their factories abroad.

Mr. HUNTER. Our people have gone abroad and have foreign factories to avoid the tariff barrier. They have factories in Liverpool and in Canada and in France.

Senator BINGHAM. Of course, your second proposal would raise the duty on cheap shirts.

Mr. HUNTER. Yes, sir.

Senator BINGHAM. Raises the duty on cheap shirts and equalizes the other.

Mr. HUNTER. Yes, sir; that is what we consider fair, and what we asked of the Ways and Means Committee.

Senator GEORGE. Where are these shirts made?

Mr. HUNTER. In Great Britain and France.

Senator GEORGE. No; I mean in this country.

Mr. HUNTER. They would break up a little, and they are made in a great many different places. The fine-shirt factories are in the States of Maine, Massachusetts, Maryland, Pennsylvania, Illinois, Kentucky, Iowa, Georgia, Texas, California, and Minnesota. They are scattered throughout the country.

Senator BINGHAM. Are there any other questions?

Senator SIMMONS. What would be the highest ad valorem equivalent that you could get under that heading?

Mr. HUNTER. The highest ad valorem would be 15 per cent in addition to the 62½, making 70 per cent. I am only asking 15 per cent in addition to the cost of that material.

Senator SIMMONS. In other words, you say that is a fair and a compensatory rate?

Mr. HUNTER. Fifteen per cent gives some protection, and we do not request any other. We are obtaining some protection from the 37½ per cent duty on the labor. But on fine shirts the cost of the material is so great, running up from 65 to 85 per cent of the value of the article.

Senator BINGHAM. You mean the duty is so great?

Mr. HUNTER. No, sir; the value of the garment—the cloth in the garment is 65 to 85 per cent of the entire cost. Now, we think, as shirt manufacturers, we are as able to have and have the finest organizations in the world. We are ready to meet competition on equal basis.

Senator SACKETT. Some witness came in and asked for 45 per cent ad valorem. Did you hear that?

Mr. HUNTER. I heard that Mr. Emery, representing the textile manufacturers, had said that it should receive not less than 45 per cent. He is not a shirt manufacturer but a textile producer.

Senator BINGHAM. You are not asking as much as that on cheap shirts?

Mr. HUNTER. Cheap shirts we are not exporting.

I might, if you are interested, show the extent to which they are exploiting cheap shirts to-day; not only the origin of the shirt, but the label appeal in the shirt.

Senator SACKETT. Do you say that the label on a shirt, "Made in Germany" is advantageous to the trade or detrimental to it?

Mr. HUNTER. It all depends on the way it is used. If it is exhibited here "Made in France," I do not think it is much. If it is ballyhooed and put in like this: "Loomed expressly for" so-and-so, and was given publicity that he had the exclusive merchandise, that is different. There is one shirt bought in New York, and one in Chicago. This says, "Loomed for the dealer."

Importations of "cotton wearing apparel" increased 56 per cent in 1928 over 1927, according to Department of Commerce figures. This increase is closely in line with our trade experience, in meeting the growing competition for foreign-made shirts.

We regret that it has been impossible to secure from any official source, or otherwise, any reliable figures to show importations of shirts separately from the general classification as "cotton wearing apparel." This is due to the failure of the customs offices to report imports of shirts separately classified, except when especially convenient. For this reason, the Department of Commerce figures show, for 1927, that only 10,728 shirts, valued at \$17,918, were imported. As against these figures, the total importations of cotton wearing apparel, consisting, we believe, principally of shirts, were: In 1927, \$895,357; for 1928, \$1,398,390.

Exports of American-made shirts decreased 12 per cent in 1928, compared with 1927. The average price per shirt was the same in

both years, namely, 79 cents each, or \$9.48 per dozen. About 70 per cent of our shirt exports go to Central America and the West Indies, with Cuba, Panama, and Colombia, in the order named our largest buyers.

With concrete evidence before us of increasing imports and decreasing exports of shirts, under the tariff act of 1922, what can the shirt industry look forward to under the greatly increased discrimination of the duty proposed in H. R. 2667, which puts a further premium upon the foreign manufacture of shirts, to our additional disadvantage, both in the United States and in our export markets.

The shirt industry is one of the largest of the apparel industries of the country, both in respect to number of wage-earners and total value of products. Our annual production is valued at upwards of \$250,000,000, and represents a widely varied range in character and selling prices of shirts made to serve the requirements of the different consumer groups. Over 900 factories, located in 40 States, employing nearly 60,000 wage earners, principally women, are making the various grades of shirts, using the different grades of fabrics, with the keenest kind of competition and small profits (if any) characteristic of every branch of the industry.

Wages paid to female labor in American shirt factories will range from \$15 to \$35 per week, in comparison with the exceptionally low rate of pay for female labor abroad, which, conservatively estimated, will range from \$4 to \$9 per week.

Thus we can not operate successfully under the additional handicap of a tariff which fixes a higher rate of duty upon our material than upon the foreign-made shirt.

We urge that careful consideration be given by your committee to either of the proposed amendments we have submitted, for the present paragraph 919, Schedule 9, of H. R. 2667.

Senator BINGHAM. I think we understand you. Is there anything further?

Mr. HUNTER. Nothing further.

EXHIBIT A

	American made	Foreign made
Material, 30 yards at 37½ cents per yard.....	\$11.25	\$11.25
Duty, at 47 per cent.....	5.28	
Cost of making.....	8.00	4.00
Total.....	24.53	15.25
Duty on shirts, at 37½ per cent.....		5.72
	24.53	20.97

EXHIBIT B

	American made	Foreign made
Material, 30 yards at 60 cents per yard.....	\$18.00	\$18.00
Duty, at 57½ per cent.....	10.35	
Cost of making.....	8.00	4.00
Total.....	36.35	22.00
Duty on shirts, at 37½ per cent.....		8.25
	36.35	30.25

NOTE.—Selling costs and profit are not included in either Exhibit A or Exhibit B.

LACE CURTAINS

[Par. 920]

STATEMENT OF CHARLES A. TURNER, CHESTER, PA., REPRESENTING THE NATIONAL ASSOCIATION OF LACE CURTAIN MANUFACTURERS

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

Mr. TURNER. Mr. Chairman, I desire to file a brief on behalf of the National Association of Lace Curtain Manufacturers relating to paragraph 920, covering Nottingham lace curtain machine articles. We filed copies of this brief last week, but did not learn until after the hearings were closed that the brief would not be considered unless filed under oath. I am therefore here on that account, and I thank the committee for giving us this further opportunity.

The signers of this brief represent 91 per cent of the domestic production, which is principally lace curtains and lace nets.

Senator BINGHAM. That brief can be inserted without being read.

Mr. TURNER. The rest of the material I have here is essentially covered in the brief, and therefore it is not necessary to read it.

Senator BINGHAM. It will be printed.

Senator SIMMONS. Let me ask you a question. Did the House raise the duty above that in the present law?

Mr. TURNER. No; and we are not asking for any increase. We are asking for the same rates and phraseology as appear in the 1922 act. The House bill eliminated the compound duties in the act and placed everything on a straight 60 per cent ad valorem basis.

Senator SIMMONS. Do you think that 60 per cent ad valorem basis is a reduction of the duty you now enjoy?

Mr. TURNER. Only a reduction in this way, that the duties will presumably, under the House bill, be raised on cotton yarns. We are the largest importers of cotton yarns in the country. While we do not complain about their protection—they are entitled to it as much as we are—nevertheless, that should not be lost sight of in considering the competitive conditions between the foreign producer and ourselves.

Senator SIMMONS. That is all.

Senator BINGHAM. We thank you very much, Mr. Turner.

(Mr. Turner submitted the following brief:)

BRIEF OF THE AMERICAN MANUFACTURERS OF NOTTINGHAM LACE CURTAINS

I. LACE CURTAINS, NETS AND NETTINGS, AND OTHER ARTICLES MADE ON THE NOTTINGHAM LACE-CURTAIN MACHINE

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.

GENTLEMEN: The undersigned manufacturers of Nottingham lace-curtain machine articles refer the committee to paragraph 920 of the tariff act of 1922, which reads as follows:

"PAR. 920. Lace window curtains, nets, nettings, pillow shams, and bed sets, and all other articles and fabrics, by whatever name known, plain or Jacquard figured, finished or unfinished, wholly or partly manufactured, for any use

whatsoever, made on the Nottingham lace-curtain machine, and composed of cotton or other vegetable fiber, when counting not more than 5 points or spaces between the warp threads to the inch, 1½ cents per square yard; when counting more than five such points or spaces to the inch, three-fourths of 1 cent per square yard in addition for each point in excess of five; and in addition thereto on all the foregoing articles in this paragraph, 25 per cent ad valorem: *Provided*, That none of the foregoing shall pay a less rate of duty than 60 per cent ad valorem."

We respectfully request that you do not change either the phraseology or the rates provided in the above paragraph.

The provision for Nottingham lace articles, as it appears in the House bill (H. R. 2667), reads as follows:

"PAR. 920. Lace window curtains, net; nettings, pillow shams and bed sets, and all other fabrics and articles, by whatever name known, plain or Jacquard-figured, finished, or unfinished, wholly or partly manufactured, for any use whatsoever, made on the Nottingham lace-curtain machine, wholly or in chief value of cotton or other vegetable fiber, 60 per cent ad valorem."

The bill as passed by the House changes paragraph 920 of the act of 1922 by striking out the provision for compound duties and substituting in place thereof a rate of 60 per cent ad valorem. We request that the provision for compound duties, appearing in the act of 1922, be restored and that the paragraph appearing in the 1922 act be allowed to remain without change of language. The compound duties, though not always operative, tend to discourage and check undervaluation, for when the import values are reduced unduly the compound duties became operative and protect the Government against the loss of revenue and the manufacturer against the loss of his protection.

Prior to the adoption of paragraph 920 in the tariff act of 1922, Nottingham lace curtains, curtain nets, and other articles made on the Nottingham lace-curtain machine were, as a result of court decisions, classified as upholstery goods at a very low rate of duty and the American Nottingham industries suffered severely from foreign competition until the tariff act of 1922 corrected the defects in phraseology which appeared in the tariff act of 1913.

II. IMPORTANCE OF INDUSTRY, CAPITAL INVESTMENT, NUMBER OF EMPLOYEES, WAGES

Nottingham lace curtains and nets are in fact lace articles and are used for window drapery and for other interior decorative purposes. Part of the material consists of American-made yarn spun from domestic cotton. The bobbin yarns, which are used in fabrication of these articles, can not be produced in the United States and are therefore imported from England so that the American manufacturer is obliged to pay duties on a part of his raw material whereas the foreign producer of these articles is under no such handicap. The bill as reported by the House increases the duty which has heretofore been levied upon imported bobbin yarns and, in consequence thereof, the domestic manufacturer of Nottingham articles will, in the future, be obliged to pay a higher price for part of his raw material than he has paid in the past. The domestic manufacturers of Nottingham materials do not complain of this yarn duty, but it should not be lost sight of in considering competitive conditions as between the foreign and domestic producers.

Manufacturing plants are located in Pennsylvania, New York, and Illinois.

The amount invested in lands, buildings, and machinery is \$14,804,731.

The employees number about 4,000.

The wages paid in this industry are two and one-half to three times the wages paid for the same class of work in the foreign manufacturing centers.

III. COMPETITIVE CONDITIONS IN THE UNITED STATES

There is keen competition between the American manufacturers of Nottingham articles, but competition does not end there. For several years Nottingham curtains and curtain materials have suffered greatly in competition with loom-woven curtain materials, such as marquisesettes, serims, volles, etc. Imported Swiss curtains and imported Scotch madras have also competed with domestic Nottingham curtains. Due to this competition the domestic production

and sales of Nottingham goods have steadily decreased as indicated by the Government census reports.

In 1923 the domestic production was.....	\$22,255,978
In 1925 production had dropped to.....	19,099,771
In 1927 it was but.....	16,316,233
In 1928 the estimated production was about.....	15,000,006

Stated in percentage the domestic production has decreased about 33 per cent since 1923.

The committee, in the course of its deliberations, will note that the imports have been small. This is not to be ascribed to the rate of duty but rather to the strong competition between Nottingham lace-curtain materials and other curtain fabrics. Up to this time the domestic industries have supplied the Nottingham machine materials which have entered into this competitive struggle. If the duty is lowered to admit imports, this competition will be supplied by foreign producers and the domestic Nottingham manufacturers will be forced to retire from the domestic competitive field and close down their mills. At present the Nottingham lace-curtain mills of the United States are operated at less than 60 per cent of capacity. One important Nottingham manufacturing plant at Gouverneur, N. Y., has been closed and is now in process of liquidation.

IV. EXPORTS

There are no exports of Nottingham curtains to speak of. Domestic producers can not pay duty on imported bobbin yarn, supply modern, well-lighted, well-ventilated factory buildings, and pay American wages to employees who are accustomed to the American standards of living and compete in foreign markets with Nottingham lace-curtain materials manufactured abroad with the use of duty-free raw materials and by workmen who receive less than one-half of the wage paid to American employees.

Respectfully submitted.

Bromley Manufacturing Co., Philadelphia, Pa.; Chester Lace Mills, Chester, Pa.; North American Lace Co., Philadelphia, Pa.; Patchogue-Plymouth Mills Corporation, Patchogue, N. Y.; Quaker Lace Co., Philadelphia, Pa.; Scranton Lace Co., Scranton, Pa.; United States Lace Curtain Mills, Kingston, N. Y.; Wilkes-Barre Lace Manufacturing Co., Wilkes-Barre, Pa.; Wyoming Valley Lace Mills, Wilkes-Barre, Pa.

BLANKETLIKE FABRICS FOR LININGS, ETC.

[Par. 922]

STATEMENT OF WILLIAM P. WELSH, REPRESENTING THE SPRINGFIELD BLANKET CO., HOLYOKE, MASS.

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

Mr. WELSH. I want to make a statement relative to paragraphs 911 and 922, particularly in regard to information that has come to us since the Ways and Means Committee hearings. That which I refer to is a letter from an attaché of the United States at Berlin, which has furnished us with information that the fabric which was being imported here under 921 and under 922 is a piece of goods 56 inches wide and that weighs 4 pounds, and is sold for the price, set down on the dock at Hamburg, of 10¾ cents.

This is a low-priced fabric and is used for lining coats—hunting coats and that sort of thing—and we can not produce the same thing for less than 29 cents, and I have made affidavit to that. It is cotton

cloth, but it is not cotton cloth such as the people who have appeared want you to think of as cotton cloth, and that these other men have presented. It is one that is done on one side, entirely napped on one side, and it is used for the lining of coats, and can be set down and is set down on the dock at Hamburg for 10¾ cents, and it costs us 29 cents to manufacture it without counting the expense of selling.

Senator SACKETT. Does that come under the general clause, section 922?

Mr. WELSH. That is 922 in the basket.

Senator SACKETT. Is that all manufactured consisting in chief of cotton not otherwise specially provided for, 90 per cent?

Mr. WELSH. Yes; and we are asking for that under 922 and under 906, which puts a specific of 23 cents a pound. The ad valorem rate is too low to give us any protection. For instance, on this figure of 10¾ cents, when we get 10 per cent raise, we have only added 1 cent, which does not mean anything.

A feature of it is that we are a specific, in as much as the other fabrics are wool and are either a specific or less a specialty. This is not a product that is made especially for this country, many of the fabrics, and apparently were sent over there and sold, identical, and I brought this to the committee [indicating the sample].

Senator GEORGE. Is that fabric made in this country?

Mr. WELSH. In this country.

Senator GEORGE. Yes.

Mr. WELSH. It is made in the States, Massachusetts, and Connecticut, and it is made in this country.

Senator SACKETT. On the 922 per cent, what would it come under?

Mr. WELSH. It would come under 922. This is under 922.

Senator SACKETT. It would come under 922?

Mr. WELSH. Yes, it would come under 922.

Senator GEORGE. That you want that is under 922?

Mr. WELSH. Yes, specific.

Senator BINGHAM. It is not less than—

Mr. WELSH. Not less than 20 cents a pound.

Senator BINGHAM. It is a specific, is it not, on the higher grades?

Mr. WELSH. Not on the higher grades.

Senator BINGHAM. But particularly on the lower grades?

Mr. WELSH. Yes.

Senator GEORGE. What is the production of it?

Mr. WELSH. The domestic production?

Senator GEORGE. Domestic production.

Mr. WELSH. I have not any idea.

Senator GEORGE. Do you not know what it is?

Mr. WELSH. No; it comes under the basket, and under the basket you can not tell what is coming in, and the competition is very close on it here in America, and that is why I can not tell you how much is produced in America.

Senator SIMMONS. What do you say it costs to produce it here?

Mr. WELSH. Twenty-nine cents.

Senator SIMMONS. You have an affidavit, saying it will cost 10¾ cents?

Mr. WELSH. Ten and three-quarter cents, set down on the deck in Hamburg.

Senator GEORGE. Then what would that make it here?

Mr. WELSH. About 15 cents.

Senator GEORGE. And your cost is what?

Mr. WELSH. Twenty-nine cents.

Senator SACKETT. If you had a specific on that, what do you want it to apply to?

Mr. WELSH. I want it to apply to not less than 20 cents a pound on blankets, and on the 922, this fabric, and the 906—

Senator SACKETT. That is not quite what I mean. You say that is cheap goods?

Mr. WELSH. Yes.

Senator SACKETT. How high up do you want the specific to apply, up to 30 or 50 cent goods, or \$1 goods?

Mr. WELSH. Under this basis it will bring it to 30 cents.

Senator SACKETT. You might have another piece of goods that would cost 59 cents instead of 29. Do you want it on that, too?

Mr. WELSH. No.

Senator SACKETT. I do not get just what you mean.

Mr. WELSH. Not less than 20 cents. If it is over that, your ad valorem will take care of it.

Senator SACKETT. I am not talking about the amount of specific, but the amount of goods that the specific would apply to.

Mr. WELSH. I do not know what other classes want, but that is this class of goods; 10 cents, about.

Senator SACKETT. Do you want it to apply to gray goods made with black and red stripes, at 10 cents?

Mr. WELSH. That would not be reasonable.

Senator SACKETT. How do you want it to apply?

Mr. WELSH. The price on the ad valorem takes care of it, the price of the fine fabric you get to a price of 40 per cent, which is your 922 paragraph; 40 per cent on 50 cents would give you 20 cents on the 906.

Senator SACKETT. But the basket applies to all fabrics?

Mr. WELSH. To all fabrics, Senator.

Senator SACKETT. Everything that is not specifically provided for here?

Mr. WELSH. Well, I do not know about the others, but I know about this one. That basket includes hundreds of articles.

Senator SACKETT. I know. Now, you are asking for 20 cents a pound on all baskets?

Mr. WELSH. Yes.

Senator SACKETT. That might apply to hundreds of articles, and it would not be necessary on them at all.

Mr. WELSH. I would not be qualified to say on that.

Senator SACKETT. I know, but now you have to describe your particular one thing that you want that specific on, and designate it.

Mr. WELSH. I do not think so. I do not think I have to designate it in that way.

Senator SACKETT. We do not know how to describe it.

Mr. WELSH. I have described my own here.

Senator SACKETT. No; you have brought a sample here.

Mr. WELSH. Yes.

Senator SACKETT. And what is the nature of it? How do you describe that, so that the customhouse appraiser will know how to apply it?

Mr. WELSH. Lining cloth. It is qualified or designated as lining cloth. It just comes under 922, cotton fabrics.

Senator SACKETT. There may be a hundred other cotton fabrics that come in under 922 that do not need it at all. You have got to differentiate it. That is the assumption, that you will. We are assuming that. We are assuming that you have brought here that one thing that you say is not correct, and you have to describe it so that the customhouse appraiser will recognize it.

Mr. WELSH. I have told you that this is produced abroad at 10¾ cents, and it costs us 29 cents. An even break and parity is all we are looking for.

Senator SACKETT. You have got to tell us what it is so that we can understand it.

Mr. WELSH. All right; it is laid down at 10¾ cents by the manufacturer across the water.

Senator SACKETT. Then we have to describe it as all cotton goods not otherwise provided for, and costing 29 cents a pound to manufacture in this country or 10¾ cents a pound in Europe, that should pay a specific duty of 20 cents a pound?

Mr. WELSH. I would not say so. I would say it should pay a specific duty of 20 cents a pound. You have a 40 per cent ad valorem. If your prices are up on this it will—

Senator SACKETT. You have not given us anything yet that we could write a duty on.

Mr. WELSH. Not even the comparison of prices?

Senator SACKETT. Not even a comparison of prices, unless you tell us what it is.

Senator SIMMONS. You have to have some definite designation of that piece of cloth. There will be no trouble, I imagine, in some of these customs officials informing you just what that is technically known as in the trade.

Mr. WELSH. Yes; it is known as lining cloth. It is put in that paragraph. There is no paragraph carrying this [indicating goods]. It is not comparable with cotton cloth.

Senator GEORGE. How do you specifically describe that cloth?

Mr. WELSH. We sell it as lining cloth.

Senator GEORGE. It is not a patent lining cloth?

Mr. WELSH. No, sir.

Senator SIMMONS. You have got to be more specific than that.

Mr. WELSH. I think I should have something. I am not going to run off into a statement in which I do not know what I am talking about.

Senator BINGHAM. Let us put that aside for the time.

Senator SACKETT. Suppose you let him talk to the tariff expert here, and see what he has to say about it.

Mr. WELSH. That will be agreeable to us.

Senator SACKETT. All right; you get together with the tariff expert.

Mr. WELSH. Mr. Carroll is here now.

Senator SACKETT. I say, you get with him and talk it over.

Mr. WELSH. All right.

STATEMENT OF WILLIAM P. WELSH, REPRESENTING THE SPRINGFIELD BLANKET CO., HOLYOKE, MASS.—Resumed

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

Senator BINGHAM. You are appearing in relation to paragraph 911?

Mr. WELSH. I am vice president of the Springfield Blanket Co. (Inc.), of Holyoke, Mass., manufacturers of blankets and blanketlike fabrics for linings and other purposes.

My company appreciates the privilege of a hearing before your committee to present evidence that was not available to us in time to give to the Committee on Ways and Means. This evidence shows the insufficiency, inadequacy, and injustice of certain rates that are shown in paragraphs 906 to 911 and 922 of the cotton schedule in the proposed tariff act.

First, to substantiate my statement, I submit as an exhibit a blanketlike fabric imported from Germany, in which our patterns and designs have been copied and reproduced.

This imported fabric is 75 per cent cotton and 25 per cent wool, it is 56 inches wide, weighs 16 ounces to the linear yard, and is placed upon the docks at Hamburg, Germany, packed for shipment for $10\frac{3}{4}$ cents a yard. I place before you a copy of the commercial attaché's letter that accompanied and described this fabric and quotes the price that I have named, $10\frac{3}{4}$ cents a yard.

This fabric goes into the lining of coats used by sportsmen and outdoor workers. Our comparable lining, similar in design, similar in texture, and similar in material, costs us 29 cents a yard to manufacture, and that figure (29 cents) does not include profit or selling charges; and if we included these items so as to net us a reasonable return of 6 per cent on our tangible net worth, we would have to sell this identical lining at $32\frac{1}{2}$ cents a yard against the foreign article that is offered for sale at $10\frac{3}{4}$ cents on the docks at Hamburg.

As to the reason for the great disparity between $32\frac{1}{2}$ cents and $10\frac{3}{4}$ cents for a yard of this lining, the answer lies in the great difference in wages paid in America and in Germany. Official United States Government records which we used in our briefs to the Committee on Ways and Means show that cotton weavers are paid a weekly average in the United States of \$20.86 against a weekly average of \$4.35 in Germany. The methods of the manufacture of this fabric in both countries are the same. The fabric can not be profitably made on automatic looms, for we have experimented with it. The Tariff Commission stated that the automatic loom is not a factor in Germany, and we have learned from first-hand sources that this fabric is not made abroad on automatic looms. Therefore, we reach the conclusion that the disparity is reflected in labor costs.

Furthermore, the American consumer does not receive the differential on this lining, as the importer sells his fabric at a price just

enough under our price to take the business. The attaché's letter tells of one shipment of 100,000 yards of this lining (which is considerable yardage); but we are submitting for your attention a letter where we lost 300,000 yards to one customer who bought imported linings, the month of September, I think it was, in place of ours.

As a matter of equity, there should be, to supplement the ad valorem duty provided, a specific provision of a minimum duty of 20 cents a pound on these blanketlike fabrics, whether under paragraph 906 (if they contain wool) or paragraph 911 (if they are entirely of cotton).

We are submitting, in the form of a sworn affidavit, the evidence previously mentioned, together with our cost sheet and samples of this lining.

The same necessity of a minimum specific provision of 20 cents a pound, to supplement the ad valorem rate, applies to cotton blankets, of which there were imported over 5,000,000 in five years—1923 to 1927, inclusive—at a very low average value of forty-four and a fraction cents for each blanket. In one of these years 1,544,495 finished blankets were imported at an average value of forty-five and a fraction cents per finished blanket. These figures were all furnished by the Tariff Commission.

As a result of these imports our business has suffered severely, which means that our employees have suffered from lack of employment, and which is reflected in their pay envelopes.

Under the provisions of the bill H. R. 2667, as passed by the House, cotton blankets would be dutiable under paragraph 911 at 35 per cent ad valorem. Unfortunately, the bulk of imports consists of low-priced articles, and the straight ad valorem provisions for such does not afford adequate protection.

In like manner, the imports of blanketlike fabrics for linings, as described, would continue to enter under paragraph 922, without specific mention, and the straight ad valorem duty thereof would likewise fall short of adequate protection.

In consideration of the above facts, and in justice to our domestic industry and those employed therein, we beg that certain paragraphs be amended as follows:

Paragraph 906, page 135: Replace the period at end of sentence in line 6 with a comma, and add "but not less than 20 cents a pound."

The paragraph thus amended would then read as follows:

PAR. 906. Cloth, in chief value of cotton, containing wool, 60 per centum ad valorem, but not less than 20 cents a pound.

Paragraph 911 (a), page 136: After "blankets" line 6, and before "35 per centum ad valorem," insert "and blanketlike fabrics for linings or other purposes."

Delete the semicolon following "ad valorem," line 6, and insert "but not less than 20 cents a pound."

Delete the semicolon following "ad valorem," lines 7 and 8, and insert "but not less than 20 cents a pound."

As thus amended this first subdivision of this paragraph will read as follows:

PAR. 911 (a). Quilts or bedspreads, 25 per centum ad valorem; if Jacquard figured, 40 per centum ad valorem; blankets and blanketlike fabrics for linings or other purposes, 35 per centum ad valorem, but not less than 20 cents a

pound; if Jacquard figured, 45 per centum ad valorem, but not less than 20 cents a pound; Jacquard figured napped cloth, 45 per centum ad valorem, but not less than 20 cents a pound; towels, other than pile fabrics, 25 per centum ad valorem; if Jacquard figured, 40 per centum ad valorem. The foregoing rates shall apply to any of the foregoing wholly or in chief value of cotton, whether in the piece or otherwise.

The adoption of the above-suggested amendments would remove these blanketlike fabrics from the general provisions of paragraph 922 at 40 per cent ad valorem and, although in some cases they may fall elsewhere at a lower ad valorem rate, the requested minimum specific provision would tend to afford equity in the cheaper grades, which preponderate in imports.

I would also refer to my extended testimony and briefs before the Committee on Ways and Means, pages 5510-5525, inclusive.

Senator BINGHAM. We have that before us.

Mr. WELSH. It is very extensively gone into there.

Senator BINGHAM. Now, just tell us briefly at this point what you asked of the House and how much the House gave you.

Mr. WELSH. On the fabrics they left in the basket; they are still 40 per cent, just where it was before.

In paragraph 922 they left it at the same rate—40 per cent ad valorem; and cotton blankets were raised from 25 to 35 per cent ad valorem.

Senator GEORGE. How about wool? That is 906.

Mr. WELSH. That is a new one; 906—a new paragraph.

Senator GEORGE. Chief value of wool?

Mr. WELSH. Chief value of cotton, with some wool in it.

Senator GEORGE. That was 60 per cent ad valorem?

Mr. WELSH. Sixty per cent ad valorem.

Senator GEORGE. That also covers your product?

Mr. WELSH. We would come under that.

Senator GEORGE. You are proposing a specific in addition to the ad valorem?

Mr. WELSH. Not in addition to, but "not less than." Leave the ad valorem as it is, but on these lower-priced fabrics and blankets the ad valorem is not sufficient in itself to protect; but when you rise up in the price, in the higher prices the ad valorem would in all probability be sufficient. On the lower ones it is not sufficient, and that is why we ask for the specific.

Senator GEORGE. How many people are there employed in your industry?

Mr. WELSH. Something like 2,500; not in our mills alone, but in the mills I represent.

Senator GEORGE. Do you represent all the mills that make this product?

Mr. WELSH. Yes.

Senator GEORGE. There are something like 2,500 employees?

Mr. WELSH. About 2,500 people.

Senator SACKETT. You told us the difference in the cost of lining fabrics, but what is the difference in the cost of blankets?

Mr. WELSH. The importers testified at the Ways and Means Committee hearings that these blankets that were imported cost them 16 cents a pound, and our blankets cost us 35 cents a pound.

Senator SACKETT. What has been your experience in the last six or seven years, under the present tariff, in regard to domestic production and imports of those blankets?

Mr. WELSH. There has been an importation of over a million a year, if that answers the question. There has been about a million of cotton blankets per year brought into the country.

Senator SACKETT. How many have you produced yourself in your industry?

Mr. WELSH. I could not answer that. It is all thrown into the same; there are no figures on that, Senator. I have looked it up, and there are no figures on it.

Senator SACKETT. Do you not know whether you have produced 3,000,000 or 5,000,000?

Mr. WELSH. Not speaking for the industry. I know what our mills produced, but I do not know what the others produced.

Senator SACKETT. Are those about the same size as yours?

Mr. WELSH. Some larger and some smaller.

Senator SACKETT. What do you produce?

Mr. WELSH. I think that is not a fair question. I do not want to answer that.

Senator SACKETT. Then I do not want to raise your duty. You have got to lay your cards on the table.

Mr. WELSH. I am not trying to conceal anything, Senator. We make a couple of million pounds a year; anywhere from one to two million pounds. Does that answer the question?

Senator SACKETT. Do others do about the same?

Mr. WELSH. I presume they do. I have no means of knowing.

Senator SACKETT. That would be in the neighborhood of how many millions? How many mills are there?

Mr. WELSH. I know of four mills that produce our type of blankets.

Senator SACKETT. That would be somewhere between four and eight millions, would it not?

Mr. WELSH. Yes; something like that.

Senator SACKETT. What has been done; and under the present rate of duty the imports have been about a million?

Mr. WELSH. Yes.

Senator SACKETT. And now you come in before the Ways and Means Committee and you asked for an increase?

Mr. WELSH. No; I was speaking in pounds. That makes a difference.

Senator SACKETT. Well, give us the pounds. I just want to get a comparison.

Mr. WELSH. I know you do. We are speaking of different things. Our mills weave about 2,000,000 pounds a year.

Senator SACKETT. Of these blankets?

Mr. WELSH. Between a million and a half and two million pounds of these blankets.

Senator BINGHAM. How many pounds? We must have these figures for comparison. You talk about millions and millions of pounds.

Senator SACKETT. This business has been getting along well in the past five or six years under the present rate of duty, and with the

present imports there is no obligation to raise the duty, unless they can prove it otherwise.

Mr. WELSH (after examining report). Blankets not Jacquard woven; that is what we are speaking of. It is only given here in value.

Senator SIMMONS. What is that?

Mr. WELSH. It is given only in value.

Senator SACKETT. Well, what is the value?

Mr. WELSH. We will give you the value. In 1922, \$4,345,000; which is on imported and not Jacquard woven.

Senator SACKETT. That is all the imports that there are?

Mr. WELSH. In 1922. In 1923, \$491,874,000; in 1924, \$607,360.

Senator SIMMONS. Is that dollars?

Mr. WELSH. Dollars. In 1925, \$707,597; in 1926, \$383,304; in 1927, \$277,122; and in 1928, \$263,223.

Senator BINGHAM. Then the imports are steadily decreasing?

Mr. WELSH. Yes.

Senator GEORGE. What duty did you have under the 1922 act?

Mr. WELSH. Twenty-five per cent on blankets.

Senator GEORGE. And you have gotten an increase of how much?

Mr. WELSH. Ten per cent; 35 per cent.

Senator GEORGE. Thirty-five per cent on blankets?

Mr. WELSH. Yes.

Senator GEORGE. And now you want a minimum of 20 per cent per pound?

Mr. WELSH. Yes.

Senator GEORGE. What would be the equivalent in ad valorem?

Mr. WELSH. Approximately 90 per cent.

Senator GEORGE. Ninety per cent?

Mr. WELSH. Approximately that.

Senator BINGHAM. But the imports are steadily diminishing.

Senator SACKETT. How about the domestic production; has that increased in those years, or decreased?

Mr. WELSH. There are not any figures.

Senator SACKETT. You are in the business, and you know whether the production has increased or not.

Mr. WELSH. The mills are very slack, and that is as far as I could say.

Senator SACKETT. It does not look to me as though—

Mr. WELSH. The Government has not any figures on it.

Senator SACKETT. But you know whether your production has increased or decreased.

Mr. WELSH. We are running about 45 per cent this year.

Senator SACKETT. Has your production since 1922 decreased or increased?

Mr. WELSH. It has decreased.

Senator SACKETT. How much?

Mr. WELSH. We were running full in 1923. We had about 1,800,000. Last year we wove 463,000 pounds.

Senator SACKETT. Now you are making a case. That is the first time I have heard you say anything to make a case. Now, what have the other mills done?

Mr. WELSH. They are running slack, and that is all I know about them.

Senator SACKETT. You said you were representing them all.

Mr. WELSH. Yes, I am; in what we are asking. As to their cost figures and production figures, I have not them, and could not get them.

Senator BINGHAM. If you can not give us figures for the industry as to how much they are producing this year and how much they produced last year and the year before and the year before that, then we are in no position to make any recommendation for a tariff.

Senator SACKETT. Not a bit.

Senator SIMMONS. It looks to me like you make out a case of decreasing demand for the product; decreasing importations and a decrease in domestic production, so that the whole production is falling off. Importations and domestic production make up the whole, and those figures would tend to prove that the demand for your goods has certainly slackened, not as the result of the increase of importations, because the importations have also slackened.

Mr. WELSH. It has slackened—

Senator SIMMONS. The tariff can not undertake to remedy every difficulty.

Senator BINGHAM. What about the fabrics you showed us samples of yesterday?

Mr. WELSH. That goods is used for lining coats. I made a name for it from the attaché's letter.

Senator BINGHAM. Can you put in the record, or would you care to put into the record, a technical description of it, so that we might have it for the record?

Mr. WELSH. I have it here.

Senator BINGHAM. It is in the record?

Mr. WELSH. Yes; and I have presented a sample of it.

Senator SACKETT. What is the technical description?

Mr. WELSH. It is a 16-ounce, 56-inch fabric.

Senator SACKETT. Suppose they made a 17-ounce, 58-inch fabric; what about that?

Mr. WELSH. It is a blanketlike cloth. That is the term used by the commercial attaché.

Senator GEORGE. There are other blanketlike cloths for sale?

Mr. WELSH. Yes.

Senator GEORGE. That is the very question that we asked yesterday. There are other blanketlike cloths, and they are sold in various widths.

Mr. WELSH. These are sold in various widths.

Senator GEORGE. You make other, higher-priced, blanketlike cloths?

Mr. WELSH. No; no other blanketlike cloths of this type. We make other blankets.

Senator GEORGE. You make higher-priced blankets?

Mr. WELSH. Higher-priced blankets; yes.

Senator GEORGE. You make a great many more?

Mr. WELSH. The bulk of them.

Senator GEORGE. But you are not complaining about the ad valorem on that. You are just trying to get relief on this?

Mr. WELSH. Trying to get relief from these inferior blankets that are replacing ours.

Senator GEORGE. And you want at least 90 per cent protection ad valorem.

Mr. WELSH. Yes.

Senator SIMMONS. What do you mean by inferior blankets; a product produced here and put on the American market by domestic manufacturers?

Mr. WELSH. No; it is a better product that we make.

Senator SIMMONS. They do not import as good a product as yours?

Mr. WELSH. No, sir; it is just displacing the better blankets that we make.

Senator SIMMONS. It does not look like it. There is a rapid decline of importations.

Mr. WELSH. It is used in lumber camps and for ships' crews, and construction crews, and people of that sort.

Senator SIMMONS. Do you make blankets of that kind?

Mr. WELSH. Yes, sir. We make blankets for institutions.

Senator SIMMONS. Yours are a little better than the imported?

Mr. WELSH. Ours is a better blanket.

Senator SIMMONS. Why do you not make a cheaper blanket, as they do?

Mr. WELSH. We can not get down to it, we can not do it.

Senator SIMMONS. Why not?

Mr. WELSH. It is impossible for us to get down to it. We could make it, but we could not get down in the price. It costs us, to duplicate the cheapest blanket they make, so much that we can not get down to it. They produce it for 15 cents a pound.

Senator SACKETT. Do you think, if they can produce this article for one-third of what you produce it for, that it ought to be made in this country at all?

Mr. WELSH. There is a demand for it.

Senator SACKETT. At your price?

Mr. WELSH. We have not been able to sell any at our price. But we have tried, and we offer them each year, and we could sell them and would sell them, but for the fact that the importer undercuts us just enough to take the business. Now, I know what I am talking about on that. The consumer does not get the differential.

Senator SIMMONS. I thought you meant, a while ago, that the blanket that the importer brought in here was a cheap blanket, and that you could not make anything as cheap in this country as that.

Mr. WELSH. We can not make it.

Senator SIMMONS. You can not make it as cheap, but you can make a cheap blanket?

Mr. WELSH. We can make a low-priced blanket; what from our standpoint is a low-priced blanket.

Senator SIMMONS. Do you not think that with the demand for the low-priced blanket you should try to supply that demand before you come here and ask for an additional duty?

Mr. WELSH. We can not make it at the same price.

Senator SIMMONS. You can not make it at the price at which it is brought over here, and compete?

Mr. WELSH. No, sir.

Senator SIMMONS. You have already been before the House committee, and the House has increased the duty.

Mr. WELSH. Yes; on 16 cents a pound they have increased 10 per cent.

Senator SIMMONS. I want to say this to you, that when you have gotten a substantial increase like that you may have some trouble to hold that increase. You have received a very substantial addition to the duty.

Mr. WELSH. I would not call it a substantial increase; 35 per cent on 16 cents is not a substantial increase.

Senator SIMMONS. It seems to me that when it dropped down to 700,000 last year, with 35 cents, you ought to be able to reduce that almost to a minimum. It is almost to a minimum now. Well, you know your own business better than I know it.

Mr. WELSH. Yes; I think we do. I am sorry I can not make it clearer to you; that I can not draw the picture as we see it. It just raises hob with our business. Our business is decreasing, and where else can we go unless we come to these gentlemen in this committee?

Senator SIMMONS. I understand that; but you do not think this country is going to establish embargoes, and not allow anything to come in?

Mr. WELSH. I would not want that done; but we would like to have a parity with the importer. That is all we ask.

Senator SIMMONS. That is all you ask?

Mr. WELSH. We have not got it, and that is all that we ask.

Senator SIMMONS. But you never have made any of these cheap blankets. You never have tried to make them.

Mr. WELSH. Oh, yes; we have.

Senator SIMMONS. You have tried to compete with the cheap blanket with a higher-priced blanket.

Mr. WELSH. The same blanket would cost us twice as much as it is imported for. That is what I am trying to drive out. We can not sell our blankets.

Senator SIMMONS. But you do not make a blanket of the quality of this cheap blanket for the same amount. Now, the laboring man is entitled to get the cheapest he can.

Mr. WELSH. Yes; but he does not get the benefit of it. I want to drive that home.

Senator SIMMONS. Very well; I think I understand you.

Senator BINGHAM. All right; thank you very much.

SUPPLEMENT

COTTON YARNS, THREADS

[Par. 902]

SUPPLEMENTAL MEMORANDUM FROM ROBERT C. KERR, REPRESENTING THE AMERICAN THREAD CO. (INC.), NEW YORK CITY

[Hand cottons]

Hon. HIRAM BINGHAM,
*United States Senate, Committee on Finance,
Washington, D. C.*

DEAR SENATOR BINGHAM: Replying to your kind letter of June 18, as promised in mine to you of 17th instant, I have had some careful calculations made as to the relation of the \$1,500,000 imports of hand cottons—that is, crochet, embroidery, and darning cottons—to the entire business in such articles done throughout the country. This was the question asked me by Senator Simmons to which I was unprepared to reply when accorded a hearing before your committee.

My best estimate is that the \$1,500,000 is 22 per cent of the total sales of these particular cottons. Other estimates, made by friends in the business, run somewhat higher; namely, from 25 to 26 per cent. It is therefore conservative to state that these imports are equal to between 20 and 25 per cent of the entire business done.

What is troubling us is that the figures show that over a period of years these imports are increasing in the face of a quite serious decline in the general demand for such hand cottons.

Trusting the above information covers the question asked, believe me,
Sincerely yours,

ROBERT C. KERR,
President.

I, Robert C. Kerr, being duly sworn, depose and say that I have read the foregoing letter, dated June 20, 1929, and know the contents thereof; that the said statements and facts are true to the best of my knowledge and belief.

ROBERT C. KERR.

Sworn to before me this 26th day of June, 1929.
[SEAL.]

W. W. URICH,
Notary Public.

My commission expires March 30, 1931.

THE AMERICAN THREAD CO.

COMPARISON OF EXISTING AND PROPOSED DUTIES ON YARN IMPORTED INTO UNITED STATES OF AMERICA FROM ENGLAND

Quotations of 100's single combed on Manchester cotton exchange around May 13, 1929:

Price per pound, ranging from 33½d to 36½d.

United States equivalent, \$0.6784 to \$0.7391.

Duty under existing tariff rates, \$0.28 to \$0.28.

Duty under H. R. No. 2667, \$0.251 to \$0.2735.

The present duty (\$0.10 per pound, plus \$0.003 per number in excess of 40's) is \$0.28 per pound, whereas the proposed rate of 37 per cent ad valorem results in a duty of \$0.251 and \$0.2735 per pound, respectively, on the above quotations.

STATE OF NEW YORK,
County of New York, ss:

R. C. Kerr, being duly sworn, deposes and says that he is the president of the American Thread Co. and that he has read the foregoing statement which, to his best knowledge and belief, is true and correct.

R. C. KERR.

Sworn before me this 15th day of July, 1929.

HENRY E. DAGNALL,
Notary Public.

Commission expires March 30, 1931.

VENETIANS

[Par. 904 (d)]

SUPPLEMENTAL MEMORANDUM FROM ALBERT R. WHITE, REPRESENTING THE NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS

COMPARISON OF VENETIAN PRICES AS EXPLAINED IN NATHAN PARKER'S LETTER

This is the standard 3.76 cloth, whether English or American, 32 inches wide in aniline black and colors

[Add \$0.01 to both the American and English cloths, for colors]

American cloth: 35 inches wide in the grey; finished width 33 inches:	
On to-day's market the cost of grey goods.....per yard..	\$0. 31
Finishing charge.....do.....	. 07
Working loss of 3½ per cent equals.....plus..	. 01
Freight; interest on money, overhead and selling expense.....	. 02
Total.....	. 41
<hr style="border: none; border-top: 3px double black;"/>	
English cloth:	
Landed in New York for.....	. 25
Present duty amounts to about 41 per cent, equals.....	. 10¼
Total.....	. 35¼

The difference between the cost of the English and the American cloth to the converter is \$0.05¾, in favor of the English cloth.

If the present extra ad valorem duty of 10 per cent was increased to 25 per cent on to-day's market that would bring the cost of the English goods, duty paid in New York, up to \$0.37¾, while on the face of the figures and additional 15 per cent would not seem to be adequate protection. It is possible that it would give the American manufacturer some courage to go ahead and compete with the English cloth.

As it is now there is not any inducement for the American manufacturer or finisher to try and compete with the English cloth.

For National Association of Finishers Cotton Fabrics, 320 Broadway, New York City.

ALBERT R. WHITE.

WASHINGTON, July 11, 1929.

Then personally appeared the above-named Albert R. White and made oath to the truth of the statement above subscribed by him before me.

[SEAL.]

CHARLES ECKERT, Notary Public.

My commission expires May 19, 1933.

NEW YORK, July 6, 1929.

Mr. ALBERT R. WHITE,
Mount Hope Finish Co., North Dighton, Mass.

DEAR MR. WHITE: Agreeable to your request that I may prove to you how cheaply I can buy Marquise Deluxe Venetians, I showed you a copy of order from Bradford, England at 12½ pence for 32-inch black Marquise Deluxe Venetian. These goods are genuine Marquise Deluxe Venetians. You will note the price means about 25 cents per yard. To that we add about 41 per cent at the rate of the present duty, which brings it up to about 35¼ cents per yard, and all other expense connected with the importation will make the cloth stand me about 38½ cents per yard, whereas to convert 35-inch gray, width of American make, for 32-inch finished, the gray mills would quote on to-day's basis of cloth about 31 cents per yard. The finishing charge is 7 cents per yard and the other incidental expenses such as freight on the gray and finished goods, working

loss of 3½ per cent, interest on the money invested, brings the cost of the converted goods up in the neighborhood of 41 cents per yard. This is what is known as 3.76 cloth standard make.

I am one of the biggest dealers in Venetians for clothing in the United States. There are of course other dealers in Venetians for other trades, who probably use more Venetians than I do.

One of the reasons that the American Venetian market to-day is practically dead for the clothing purposes is because the English cloth can be bought so cheaply.

Yours very truly,

NATHAN PARKER.

STATE OF NEW YORK, *New York County*:

JULY 12, 1929.

Then personally appeared before me the above-named Nathan Parker and made oath to the truth of the statement above subscribed by him.

[SEAL.]

NAOMI WIAMONT, *Notary Public*.

Commission expires March 30, 1930.

E. G. WILLIAMS & Co.,
Bradford, England, June 13, 1929.

Copy of order from Mr. Nathan Parker, New York, June 3, 1929:

Lot No.	Pieces	Width	Description	Length	Price
180		<i>Inches</i> 32	Plain Venetian, black.....	<i>Yards</i> 63	<i>Pence</i> 12½
181	500	32	Plain Venetian, colors.....	63	13

ALBERT R. WHITE.

JULY 11, 1929.

DISTRICT OF COLUMBIA:

City of Washington:

Then personally appeared the above-named Albert R. White before me and made oath that the above copy of E. G. Williams & Co.'s order is an exact copy of the original order and that he himself made the above copy from the original.

[SEAL]

CHAS. ECKERT,
Notary Public.

WARP PRINTS, SURFACE PRINTS, AND ORGANDIES

[Par. 904]

SUPPLEMENTAL MEMORANDUM FROM PHILIP JOHNSON, JEWETT CITY, CONN., REPRESENTING THE NATIONAL ASSOCIATION OF FINISHERS OF COTTON FABRICS

SENATOR HIRAM BINGHAM,,

United States Senate, Washington, D. C.

DEAR MR. BINGHAM: In confirmation of verbal statement made by the writer before your committee on Monday, June 17, at 9.30 a. m., I beg leave to submit that the cotton finishing industry at the present time is suffering from insufficient yardage of goods to keep the numerous finishing plants fully occupied. This is due principally to the rapid construction of new finishing plants in the South adjacent to the newly constructed cloth mills in that area.

The National Association of Finishers of Cotton Fabrics, as spokesman for that industry, has requested that section d of paragraph 904 in H. R. 2667 be revised to read as follows:

"In addition to the duties hereinbefore provided in this paragraph, cotton cloth woven with eight or more harnesses, or with Jacquard, lappet, or swivel

attachments, and cotton cloth commonly known as organdie, and cotton cloth which was printed in the warp, and afterwards woven with white or colored filling (commonly known as warp print), shall be subject to a duty of 25 per cent ad valorem; and cotton cloth printed by the surface or relief method as distinct from the engraved or intaglio method shall be subject to a duty of 20 per cent ad valorem; and cotton cloth, other than the foregoing, woven with two or more colors or kinds of filling shall be subject to a duty of 5 per cent ad valorem."

The finishers are particularly interested in the items "cotton cloth woven with eight or more harnesses," "cotton cloth commonly known as organdie," "cotton cloth printed in the warp," and "cotton cloth printed by the surface or relief method."

These items have been included in that paragraph with other items which were already there and which we know of no reason to alter. If the additional duties asked for in that paragraph can be granted, it will be the means of increasing the volume of goods to be finished in domestic finishing plants and, therefore, in increasing the amount of labor which can be given employment.

Albert R. White appeared before your committee on Friday, June 14, relative to the cotton cloth woven with eight or more harnesses, commonly referred to as "venetians." This presentation, therefore, has to do with the other items in which the Finishers' Association is particularly interested.

ORGANDIES

The gray goods suitable for this finish are being woven in this country at the rate of approximately 20,000,000 yards per year. This information has been furnished by W. L. Pierce, who has, I believe, wired you to that effect. These goods have formerly been largely imported in the finished state because the Swiss finished organdie has been favorably known by the consuming public. There are two concerns in this country who are now licensed by the owners of the Swiss patent for that finish to make it in this country. The domestic gray goods could, therefore, be converted in this manner if adequate protection were afforded the domestic industry. The protection asked for would, in our judgment, have the effect of creating an additional market for both the gray mills and the finishers in this country to the extent of the 15,000,000 or 16,000,000 yards of these goods now imported in the finished state.

WARP PRINTS

This is a product which consists of printing the warp of the fabric which is then returned to the gray mill to be woven into a finished piece of cloth. This product has been made in this country to only a slight extent due to the higher costs of production as compared with conditions prevailing in England and France, which is the source of most of the warp prints now imported into this country. The printers in England are reported to be averaging about \$28 per week in wages, whereas in this country they are averaging around \$75 per week. The dyestuffs required for printing of this character are principally imported because the finished product is high-priced and the consumer must have only the best quality. The cost of these dyes is much greater than to the printers in France or England because of the high tariff now existing on imported dyes. We do not quarrel with that tariff, but ask a similar degree of protection so that our higher material costs may be equalized. These higher costs of production can be absorbed on cheaper fabrics where the orders are in such large volume that there is a compensating saving. This type of product must be made in small quantities because its exclusiveness is one of the important selling points. There is, therefore, no opportunity to reduce the cost of production by large runs to an order, and the additional duty asked for is needed to exclude the imports which are now figured at between 750,000 and 1,000,000 yards per year. It is also probable that the domestic production could be increased to a greater extent through extensive sales effort if the opportunity of creating a domestic market were presented. This process can be applied to goods made of coarse yarns and, therefore, receives a lower degree of protection from paragraph 904 (c) than would apply to goods made with finer yarns.

SURFACE PRINTS

This product consists of a fabric printed by the surface or relief method as distinct from the engraved or intaglio method. The portion of the printing roll which carries the color to the cloth is raised from the roller surface and by

this method a color value is secured which can not be imitated successfully by any other method. It is much slower in production, and the same elements of higher costs because of small runs mentioned above with reference to warp prints applies equally to surface prints. Higher labor and material costs require the additional 20 per cent ad valorem duty asked by our association to secure for domestic producers the approximately 750,000 yards of these goods now imported per year from France and England. This process can be applied to goods made of coarse yarns and, therefore, receives a lower degree of protection from paragraph 904 (c) than would apply to goods made with finer yarns.

Our branch of the textile industry will greatly appreciate your favorable consideration of these items which will in some slight measure help to offset the difficult situation now existing and likely to continue through increase in productive facilities.

Very truly yours,

THE ASPINOOK CO.,
P. A. JOHNSON, *Treasurer.*

The above subscribed and sworn to before me this twenty-eighth of June, 1929.

[SEAL.]

LLOYD GREENE BUCKINGHAM,
Notary Public.

TAPESTRIES

[Par. 908]

BRIEF OF JOHN W. SNOWDEN, REPRESENTING THE UPHOLSTERY MANUFACTURERS ASSOCIATION OF PHILADELPHIA, PA.

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: This is the brief of the Upholstery Manufacturers Association of Philadelphia.

The paragraph in which we are interested is paragraph 908. This paragraph reads, in the bill as it passed the House, as follows:

"Tapestries and other Jacquard-figured upholstery cloths (not including pile fabrics or bed ticking) in the piece or otherwise, wholly or in chief value of cotton or other vegetable fiber, 55 per centum ad valorem."

This rate of duty does not protect the upholstery industry. We ask for an additional duty upon the higher grade fabrics. We request that this be in the form of a specific duty and that there be made by this committee four grades of goods, with differing rates of duty, the different classifications to be determined by the number of picks in the fabric.

The picks are the threads running across the goods and are called the weft. The reason why we ask that the specific duty be based on the number of picks is because of the universally recognized fact that the number of picks denotes directly the labor cost in a fabric, and this labor cost increases with the number of picks.

We ask that this committee give to the upholstery industry a compound duty which will protect both the difference in material and labor cost between the United States and foreign nations. We are content to leave the present duty of 55 per cent ad valorem for the lower grades of fabrics, but ask an additional duty for the higher grades. The duties that we ask are as follows:

For fabrics of 50 picks per inch and under, 55 per cent ad valorem.

For fabrics containing more than 50 picks and not more than 72 picks per inch, 18 cents per square yard and 55 per cent ad valorem.

For fabrics containing more than 72 picks and not more than 96 picks per inch, 36 cents per square yard and 55 per cent ad valorem.

For fabrics containing more than 96 picks per inch, 54 cents per square yard and 55 per cent ad valorem.

The reason why we ask for this specific duty in addition to the ad valorem duty is that the labor cost varies from 45 to 66 per cent of the total production cost and this labor in Philadelphia is over four times that in foreign competing countries.

The disadvantage of a straight ad valorem rate for all of these fabrics is that a rate that would protect the higher grades would over-protect the lower grades. We do not ask for more duty than we absolutely need.

The system of duties that we propose—a specific duty on picks per square yard—is not only simple of computation and easy of administration but contains no element of novelty for custom officials. It is along parallel lines with the duties now in the law on cotton yarns. These yarns have duties arranged according to their fineness, and the fineness is represented by counts of yarns. There are specific duties on these yarns that vary directly with the count. The fixing of duties on picks per square yard on upholstery fabrics is a following out of the same principle and is as easy of administration.

The duty of 55 per cent ad valorem, without any specific rate, is sufficient to protect the lower grades of manufacture. The basis of the additional specific duty for which we ask is the extra amount of labor put into the cloth. There is such a diversification of fabrics made that the labor cost alone varies from some 30 cents to \$4 per yard on different fabrics.

The domestic industry is menaced by a large and increasing foreign competition. Imports of these fabrics have increased from \$1,158,696 in 1923 to more than \$5,000,000 in 1928.

Importers have claimed that our method of computation is not scientific, but the fact is it is most scientific, and we have explained in our House brief that it is the most equitable method of assessing duties on these products.

We have the same problems that confront the importer, such as style, stock, and merchandising expense. The importers claim that one of the reasons why imports have increased has been on account of importations of frieze velour and mohair velour fabrics, but these fabrics do not come in under this paragraph or even under this schedule.

As to the statement from the importers that foreign upholstery goods of the better grade can be reproduced cheaper in Philadelphia than the landed cost, such is not the case, as representative samples which have been submitted to the Finance Committee and also to the Ways and Means Committee amply prove this impossibility.

Also the statement made by the importers that they are buying 50 per cent more domestic goods than imported, such is not the fact pertaining to fabrics included in this paragraph. The importers have included fabrics that are brought in under other paragraphs, such as printed fabrics, plushes, silk, and rayon fabrics, generally known as upholstery goods.

Our industry is in a serious condition as a result of foreign competition. Only 40 per cent of the Philadelphia upholstery looms have been kept running. The industry can not continue under existing conditions, when one-third of the present consumption of upholstery fabrics provided for in this tariff paragraph is being imported from abroad.

Respectfully,

JOHN W. SNOWDEN, *Chairman.*

Sworn to and subscribed before me this fifth day of July, 1929.

[SEAL.]

BERNARD J. ARNDT, *Notary Public.*

My commission expires January 11, 1931.

KNIT FABRIC

[Par. 914]

BRIEF OF THE THOMAS H. HALL CORPORATION, NEW YORK CITY

[Also including par. 1309]

FINANCE COMMITTEE,
United States Senate.

DEAR SIR: I respectfully urge your attention to the inconsistency of paragraph 914 under which it would be possible to import merchandise of which a considerable portion was rayon on which the proposed duty is 45 to 50 per cent at a rate of 45 per cent for the finished cloth.

The use of cotton cloth made on a Tricot machine is extremely limited and there is no good reason why there should be any reduction on such cloth from 55 to 45 per cent as is proposed.

The principal article made altogether of cotton which is used to a small extent in the manufacture of corsets and brassieres, is Atlas cloth. Recently there has been some use by the same trade of open-work and fancy patterns also composed entirely of cotton. There is also produced for the same trade some cloths in which a minor proportion in weight and value of rayon is used. The greater proportion of cloths made on the Tricot machines and used by the corset and brassiere trade is composed of a mixture of rayon and cotton of which the chief value at present is rayon but at any moment the demand by this trade may veer to a similar article in which the chief value might be of cotton and not of rayon. It is, therefore, important to take into account the application of both paragraphs 914 and 1309.

The tables submitted herewith apply only to goods made of all cotton or of cotton and rayon in which the chief value is of cotton. While there is some question as to whether an analysis of the costs of production of cloth made on Tricot machines in which rayon would be the material of chief value, it seems that the duty of 65 per cent proposed in paragraph 1309 is as much as should be asked for, but there is no doubt that any reduction below the present rate of 55 per cent on articles imported under paragraph 914 would open the doors for the importation of all such fabrics and very likely make it possible to import fabrics under this paragraph which will seriously compete with the better cloths which would come under paragraph 1309. The intense competition between domestic manufacturers has greatly reduced the price of fabrics made of all cotton and of cotton and rayon and there would be no appreciable saving to the consumer if a large part of such cloths was imported. It is more likely that the increased overhead caused by reduced production on the better fabrics would more than overcome the slight saving there might be in the use of the cheaper grades which could be imported.

In the tables submitted I have given the actual costs of the American production and have given a conservative estimate of the costs of foreign make. Only on labor operation, where I am satisfied that the costs abroad are in proportion to the cost of labor abroad and here have I taken full advantage of this difference. On some items where I am uncertain, I have given a liberal estimate of the labor costs. The cost of rayon has been taken, in the case of our cost, from the prices quoted by the largest producing factors in this country. In the foreign costs, I have taken the reports of the Department of Commerce for February, 1929. On cotton yarns, I have followed actual experience in our own costs and the best information I could obtain regarding the foreign costs of these yarns. In all respects, I have endeavored to avoid exaggeration.

I therefore respectfully submit that, for the sake of holding the relatively small trade now enjoyed by the manufacturers of Tricot fabrics, that the present rate of 55 per cent should be restored to paragraph 914 and that the proposed rate of 65 per cent should be retained in paragraph 1309.

Samples of cloth referred to inclosed.

Respectfully submitted.

THOMAS H. HALL.

I, Thomas H. Hall, do solemnly swear that the statements made in the attached brief, are true to the best of my knowledge and belief. That the domestic costs given are based upon actual experience and knowledge. That the estimates of foreign costs given are based upon the best information that I have been able to obtain and I believe are not understated.

THOMAS H. HALL.

Sworn to before me this 3d of July, 1929.

HARRY RAUCH,
Notary Public.

[SEAL]

Commission expires March 30, 1931.

TABLE 1.—*Shrunk and sueded Atlas cloth; piece, 34 square yards*

Items	Our cost		Foreign cost	
	Cents per pound	Total	Cents per pound	Total
12 pounds 80/1 cotton.....	95	\$11.40	80	\$9.60
12 pounds winding and warping.....	20	2.40	10	1.20
Making cloth.....		1.80		.60
Sewing cloth.....		.25		.05
Shrinking, dyeing and sueding, 34 square yards.....	22	7.45	10	3.40
Total net cost.....		23.30		14.85
Overhead, 10 per cent.....		2.33		1.49
Total cost for 34 square yards.....		25.63		16.34
Total cost for 1 square yard.....		.754		.481

TABLE 2.—*Plain Atlas cloth; not shrunk, nor sueded; piece, 42.22 square yards*

Items	Our cost		Foreign cost	
	Cents per pound	Total	Cents per pound	Total
12 pounds 80 per cent cotton.....	95	\$11.40	80	\$9.60
12 pounds winding and warping.....	20	2.40	10	1.20
Making cloth.....		1.80		.60
Sewing cloth.....		.25		.05
Dyeing 12 pounds.....	25	3.00	15	1.80
Dress and fold.....		1.50		.38
Total net cost.....		20.35		13.63
Overhead 10 per cent.....		2.04		1.37
Total cost for 42.22 square yards.....		22.39		15.00
Total cost for 1 square yard.....		.53		.355

TABLE 3.—*Bird's-eye cloth; not shrunk or sueded; piece, 82.22 square yards*

Items	Our cost		Foreign cost	
	Cents per pound	Total	Cents per pound	Total
21.6 pounds 50/1 yarn.....	65	\$14.04	50	\$10.80
21.6 pounds winding and warping.....	15	3.24	7½	1.62
Making cloth.....		3.60		.90
Sewing cloth.....		.50		.13
Dyeing 21.6 pounds.....	25	5.40	15	3.24
Dress and fold.....		3.00		.75
Total net cost.....		29.78		17.44
Overhead 10 per cent.....		2.98		1.74
Total cost for 82.22 square yards.....		32.76		19.18
Total cost for 1 square yard.....		.399		.233

TABLE 4. *Satin-faced Tricot; rayon and cotton; our No. 501; piece, 77 square yards*

Items	Our cost		Foreign cost	
	Price per pound	Total	Price per pound	Total
7.09 pounds 100 denier rayon A.....	\$1.95	\$13.83	\$0.91	\$8.45
19.16 pounds 50/1 cotton.....	.65	12.45	.50	9.58
7.09 pounds rayon, winding and warping.....	.27	1.91	.14	.99
19.16 pounds cotton, winding and warping.....	.15	2.87	.07½	1.44
Making cloth.....		2.88		.72
Sewing cloth.....		.50		.13
Dyeing cloth 26.25 pounds.....	.30	7.88	.18	4.73
Dress and fold.....		3.00		.75
Total net cost.....		45.32		24.79
Overhead 10 per cent.....		4.53		2.48
Total cost for 77 square yards.....		49.85		27.27
Total cost for 1 square yard.....		.647		.354

TABLE 5. *Satin-faced Tricot; rayon and cotton; our No. 711; piece, 66 square yards*

Items	Our cost		Foreign cost	
	Price per pound	Total	Price per pound	Total
8.28 pounds 150 denier rayon A.....	\$1.15	\$9.52	\$0.59	\$4.89
17.6 pounds 50/1 cotton.....	.65	11.44	.50	8.80
8.28 pounds rayon, winding and warping.....	.24	1.99	.12	1.00
17.6 pounds cotton, winding and warping.....	.15	2.64	.07½	1.32
Making cloth.....		3.54		.89
Sewing cloth.....		.50		.13
Dyeing cloth 5.88 pounds.....	.30	7.76	.18	4.66
Dress and fold.....		3.00		.75
Total net cost.....		40.39		22.44
Overhead 10 per cent.....		4.04		2.24
Total cost for 77 square yards.....		44.43		24.68
Total cost for 1 square yard.....		.577		.321

COTTON-FABRIC GLOVES

[Par. 915]

BRIEF OF JOHN M. GREWEN, REPRESENTING THE FABRIC GLOVE MANUFACTURERS ASSOCIATION OF AMERICA

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: Reference is made to H. R. 2667, tariff bill of 1929 (as passed by the House), entitled "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 purpose" with specific reference to paragraph 915 thereof:

"Gloves and mittens, wholly or in chief value of cotton or other vegetable fiber, made of fabric knit on warp knitting machines, 60 per centum ad valorem; made of fabric knit on other than a warp knitting machine, 50 per centum ad valorem; made of woven fabric, 25 per centum ad valorem."

The Fabric Glove Manufacturers Association is particularly interested in that portion of the paragraph dealing with fabric gloves knit on warp knitting machines

It is respectfully submitted to your honorable committee that the proposed tariff of 60 per centum ad valorem will serve to entirely eliminate the sueded cotton glove from manufacture in the United States, since under the present tariff which

is considerably higher than that now proposed has been witnessed the almost complete ascendancy of the imported glove.

The proposed tariff as applied to this paragraph would therefore seem to be in distinct contravention to the expressed purpose of the bill as a whole namely "to encourage the industries of the United States, to protect American labor."

The sueded cotton glove industry in the United States can and will be rehabilitated with an adequate protective tariff and the following paragraph embodies what this association deems to be such:

"Gloves and mittens, wholly or in chief value of cotton or other vegetable fiber, made of fabric knit on warp knitting machines, when shrunk or sueded or having 40 or more rows of loops per inch in width on the face of the glove \$4 per dozen pairs; if of two or more folds of fabric, any fold of which is made on a warp knitting machine, \$5 per dozen pairs."

In order that your honorable committee may be fully informed as to the reasonableness of the association's claims it is respectfully requested that we be permitted the privilege of a formal hearing before it.

Respectfully submitted.

FABRIC GLOVE MANUFACTURERS ASSOCIATION OF AMERICA.
C. L. JOHNSON, *Representative.*

NEW YORK, N. Y., June 10, 1929.

SUPPLEMENTAL BRIEF OF FABRIC GLOVE MANUFACTURERS ASSOCIATION OF THE UNITED STATES

COMMITTEE ON FINANCE,
United States Senate.

GENTLEMEN: Mr. Lloyd, representing the cotton-glove group, National Council of American Importers and Traders, New York City, in submitting his testimony before your honorable committee on June 17, 1929, stated that "only one manufacturer is attempting to make these gloves to-day, and under the name of an association has asked for an exorbitant rate of duty."

In my opening statement I said "my testimony is submitted for and in behalf of the Fabric Glove Manufacturers Association of the United States, representing 100 per cent of the currently and potentially active manufacturers of cotton warp-knit fabric sueded gloves." Since the testimony of both witnesses was given under oath, in all justice to the association which I represent, and my own credulity as a witness, I must protest this statement of Mr. Lloyd as being unjust, unwarranted, and not proven in fact.

May I ask your honorable committee to weigh carefully the following facts:

On Thursday, June 6, at 2 p. m. a meeting of the Fabric Glove Manufacturers Association was held at the office of the Grewen Manufacturing Co. at 79 Madison Avenue, New York, N. Y., for the purpose of discussing ways and means of protesting against the tariff proposed in paragraph 915 of H. R. 2667 as reported by the House.

Present at that meeting were the following: Mr. Bolles, representing Fowens Bros. (Inc.); Messrs. Hall and Dwyer, representing T. H. Hall & Co.; Mr. Tobias, representing Quality Silk Mills; Mr. Woodbury, representing Merrill Silk Co.; Messrs. C. L. Johnson and John Grewen, representing Grewen Fabric Co. (Inc.); and Mr. E. Richard Meinig, representing E. R. Meinig Co.

It was agreed by all those members present that Mr. C. L. Johnson, of New Haven, Conn., should represent the association in the hearings before the Senate Finance Committee, and, if desired, affidavits to this effect will be submitted by each member.

For the reason that Mr. Johnson was unable to be present in Washington on June 17, it was decided and agreed that I should represent the association, of which I am a member, and accordingly I did testify and did represent the Fabric Glove Manufacturers Association on Monday, June 17.

The records would also seem to indicate the existence of doubt as to the ability of American producers to supply domestic consumption. The maximum output of domestic manufacturers was 1,500,000 dozen pairs produced in 1919. That amount could be produced to-day were the manufacturers given the protection prayed for.

In addition to the members of the association heretofore listed the following manufacturers have indicated a desire to resume manufacture of cotton sueded gloves under suitable economic conditions: Fulton Co. Silk Mills, Gloversville, N. Y.; Clark Bros., Glens Falls, N. Y.; Fonda Silk Fabrics, Co., Fonda, N. Y.; Luxor Mills, St. Johnsville, N. Y.; O'Day Textile Mills, Fort Plain, N. Y.;

O'Melia Silks, Inc., Fonda, N. Y.; William J. Weeper Co., Fonda, N. Y.; Weeper Mfg. Co., Fultonville, N. Y.; Harry Underwood, Fultonville, N. Y.; Kingsboro Silk Mills, Gloversville, N. Y.; Superior Silk Mills, Gloversville, N. Y.; Patrician Silk Mills, Syracuse, N. Y.; E. Richard Meinig Co., Reading, Pa.; and Kramer Hosiery Co., Bangor, Pa.

It is not represented that these manufacturers could supply immediately the entire domestic needs, even if given ample tariff protection. They are not seeking to stifle the competition of importers of foreign gloves. They are not asking, in the \$4 specific duty suggested, a rate which would entirely equalize foreign costs, but rather one which will create a differential not too large in favor of the importer, which will enable the establishment of fair basis of competition. In Exhibit A of the brief submitted at hearing, this differential was shown to be \$2.18 per dozen and while this in itself appears large, it is honestly felt that it would admit of appeal to these consumers who are willing to pay something for the privilege of obtaining a quality, well styled, guaranteed article.

Inevitably such a tariff would reduce the profits of importers. They would not be able to net eleven per cent as stated by Mr. Lloyd before the Ways and Means Committee to have been earned by the Keyser people on their imports. Their profits would however, be comparable to those of the domestic manufacturers. The consumer would not be called upon to pay more. An importers' monopoly such as now exists is not a guaranty of low prices to the consumer.

Mr. Lloyd has also stated that the manufacture of gloves was discontinued by practical glove manufacturers as being impractical and uneconomic. The industry is not impracticable in this country. It has been established by competent authorities that the domestic manufacturer is able to produce a glove, in which every material used is a 100 per cent American creation, superior, class for class, to any imported product, and that at no time has the industry existed merely because external conditions permitted the merchandising of an inferior article at enhanced prices, as claimed by Mr. Lloyd in his supplementary brief to the Ways and Means Committee. Mr. Lloyd also states that "the first of those so-called domestic gloves which were put upon the American market in the early years of the war were made from fabric imported from Germany before the United States was drawn into the war. Later silk glove manufacturers imported English spun Egyptian yarn and made a fabric here on warp knitting machines which had formerly been used in making silk warp knit fabric. American yarn was seldom used."

These are admitted facts, but, as Mr. Lloyd well knows, this was prior to the time when the American manufacturer experimented with and succeeded in producing the cloth from which these gloves were made. After the early part of 1915 all the gloves manufactured were made from cloth spun in America on American machines. Since there had been no cotton glove industry in the United States the cotton grower was not prepared to offer to the manufacturer a grade of yarn sufficiently fine for the glove trade.

However, as stated in the report of the Tariff Commission, page 68, the American producers of warp knit fabric, at first, did prefer English glove yarns, "but American glove yarns have been greatly perfected since the first attempts were made in 1916, and since 1917 they have predominated in the domestic industry." The Grewen Fabric Co. is now using a domestic yarn exclusively, processed and spun by the Watterman Currier Co., of Fitchburg, Mass., which has proven superior in every way to yarn processed abroad, which with the well-known methods of finishing employed here and in Germany, produces a sueded fabric even in texture and superior to the German cloth in appearance and wearing quality.

The industry was uneconomic solely for the reason that all tariff rates since 1919 have been founded on uneconomic principles. The importer may feel that it is uneconomic to make less than 11 per cent net profit but that is certainly a narrow conception of the field of economics.

In the opinion of the association the economic situation to be considered and acted upon is primarily the domestic one if that can be done without creating a burden on the consumer not offset by advantages.

If the idea expressed by Mr. Lloyd was carried to its ultimate conclusion there would be no manufacture of articles in this country which could be produced more cheaply abroad. This would naturally result in the stagnation of industry in this country and an economic situation which would be unbearable. The domestic manufacturer has much more than net profits to consider. He is vitally interested in the prosperity of the community in which he lives, and prosperity does not and can not exist where the wheels of industry are stilled by

unfair competition, be it foreign or domestic. It is the opinion of the association that if its members are permitted by a proper protective tariff to manufacture their commodity at a fair profit, thus affording uses for many kinds of domestic materials and giving employment to directly and indirectly thousands of people, and at the same time allowing these people and all other consumers the opportunity to buy a cheaper imported product at the same price they are now paying, limit but not extinguish the profits of importers and finally increase the revenue of the United States through higher tariff rates and domestic manufacturers income taxes, that an ideal economic situation in this industry will be created.

A similar situation was in effect in England in this industry. In the *Women's Wear Daily* of June 11, 1929, copy of which is attached, it is stated "Vigorous supporters of a tariff wall for Britain found ample occasion to push their policy to the fore during the election campaign here and in so doing have provided interesting facts on the advance of those textile trades which have already been safeguarded. Within three years the production of fabric gloves in Britain has increased by 100 per cent. Employment in the fabric-glove trade has doubled. Prices in gloves have dropped from 3 to 8 per cent."

Conditions in England and the United States as applied to the industry are relatively similar and there is no reason to doubt that what adequate protection has done there will find its counterpart here.

The manufacturers in this country have never had the opportunity to produce under an adequate protective tariff.

The rates now requested are not enormous. As compared to the \$5.50 and \$6.50 specific minimum rates proposed for the leather-glove industry, they are more than reasonable. The chemical and dye industries originating, as did the fabric glove industry, during the war, were prevented from falling into a state of decadence by the application of tariff rates which equalized costs here and abroad, with the result that they developed into a strong virile and exceedingly important economic unit of American industrial activity and remain so to-day.

What reason can be ascribed to Mr. Lloyd's hesitancy in answering Senator Sackett's question that if domestic production was impractical and uneconomic, why should not foreign gloves come in free of any duty?

Are the importers really subscribers to the political doctrine of "tariff for revenue only?" Is there no selfish background to the apparent willingness to let the tariff stand at 60 per cent instead of the 50 per cent presently in force? Was there not great alarm in the importers' camp when the proposed bill as originally framed placed fabric gloves not embroidered on the free list?

Is it not possible that the placing of fabric gloves on the free list, thereby entirely eliminating any possible domestic manufacture, would also eliminate the importing jobber as a medium for distribution to the retailer? Could it be possible that certain importers who have means at their disposal for manufacturing gloves in this country if they would, find it more profitable to operate owned or controlled factories in Germany so long as they can maintain their status as jobbers here, which is possible only under a tariff since without it each domestic merchant could well be his own importer?

The answer must be that the importer wants a tariff, not to provide revenue for the Government but to save his own business life. If a tariff of 60 per cent is required to save the importers from extinction, are not the domestic manufacturers entitled to a measurable increase over and above that rather than the invitation as extended by the Ways and Means Committee to manufacture profitably under a 60 per cent duty when they find it presently impossible to manufacture profitably under a maximum 75 per cent duty?

Upon your honorable committee's decision in this matter rests consequences of vital importance to the economic future of a valuable industry and we can not urge too strongly your careful study of all the facts and arguments now and heretofore presented.

Respectfully submitted.

JOHN M. GREWEN,

Fabric Glove Manufacturers Association of the United States.

COTTON SHIRTS

[Par. 919]

BRIEF OF RALPH HUNTER, NEW YORK CITY, REPRESENTING THE NATIONAL ASSOCIATION OF SHIRT MANUFACTURERS

Hon. HIRAM BINGHAM,
Chairman Senate Finance Committee,
Washington, D. C.

DEAR SIR: In our brief filed with your committee June 18 we called attention to the fact that the maximum ad valorem provision of 45 per cent for cotton cloth, under the tariff act of 1922, has been increased in the bill H. R. 2667 to provide for a maximum rate of 57½ per cent on fabrics wholly of cotton, and 62½ per cent ad valorem on fabrics in chief value of cotton, but containing silk or rayon and woven with eight or more harnesses, or with jacquard, lappet, or swivel attachments, and printed, dyed, or colored, and above 90's yarn counts.

The increase in maximum protection afforded cotton cloth under the present bill compares unfavorably and, we believe, unfairly with the increase of only 2½ points (from 35 to 37½ per cent ad valorem) proposed as affecting men's cotton shirts, included under cotton wearing apparel in paragraph 919.

On June 19 the New York Journal of Commerce and the Daily News-Record published a comparison compiled by the Tariff Commission showing the average increases in H. R. 2667 over the tariff act of 1922, based upon the quantity and value of imports during 1928. These figures were not available to us when we prepared our brief filed June 18.

According to this Tariff Commission comparison, the average rate for the countable cotton cloth paragraph 904, H. R. 2667, is increased from 30.66 to 35.73 per cent ad valorem. But this average includes the entire range of cotton cloths of all types, unbleached as well as the bleached and finished fabrics. We do not manufacture shirts from unbleached or gray cotton cloth, nor are such shirts imported. Nevertheless, the comparison of averages for the entire range of unfinished and finished cotton cloths not containing silk or rayon shows a tentative increase of 5.07 per cent ad valorem.

But this average increase of 5.07 per cent ad valorem, computed on the entire range of unfinished and finished cotton fabrics, is really not indicative of the true increase that would occur for the range, in the different brackets, by yarn counts, covering the cotton cloths actually used by us in the manufacture of shirts of the types comparable with the imported shirts.

The shirts in our lines that meet with the greatest competition from imports are made from high-grade cotton fabrics corresponding to the imported fabrics (not shirts) ranging in official average yarn number from 50's or possibly 60's to 120's.

Reference to the tabulation of imports for consumption of cotton cloth, for 1927, published by the Department of Commerce, shows detailed facts, as follows (Foreign Commerce and Navigation of the United States, vol. 1—calendar year 1927):

Out of the total importations of cotton cloth, bleached, as shown on pages 456-457 and 458, over 87 per cent of the total yardage consists of cloths containing yarns, with average yarn number from No. 50 to No. 120. This is the range, as previously stated, of shirting fabrics.

On pages 458-459, tabulation of imports of cotton cloth, printed, dyed, colored or woven figured, shows the range of 50s to 120s varying from 34.625 to 45 per cent ad valorem duties, the average duty in this range being 43 per cent. The largest single item imported, in the shirting fabric range of 50s to 120s, is the yardage of No. 80 on which duty paid in 1927 was 44 per cent ad valorem.

On page 460, duties paid on cotton cloth, printed, dyed or colored, woven with eight or more harnesses, or jacquard attachments, over a yarn count range of 50s to 120s, in 1927 ranged from 40.625 to maximum of 45 but very largely 45 per cent ad valorem.

The above indicates very plainly that men's shirts, under the present act, are not equitably provided for with the straight ad valorem duty of 35 per cent, this, in many cases being 10 points below the provisions for the higher count cotton shirting fabrics.

Under the bill, H. R. 2667, duties are increased for cotton shirting fabrics as follows:

Counts	Bleached (par. 904 (b))	Printed, dyed, or colored (par. 904 (c))	Counts	Bleached (par. 904 (b))	Printed, dyed, or colored (par. 904 (c))
	<i>Per cent</i>	<i>Per cent</i>		<i>Per cent</i>	<i>Per cent</i>
50s.....	25.5-30.5	30.62-33.50	90s.....	33.0-44.5	40.00-47.50
60s.....	28.0-34.0	33.75-37.00	100s.....	33.0-44.5	40.00-47.5
70s.....	30.5-37.5	34.87-40.50	110s.....	33.0-44.5	40.00-47.50
80s.....	33.0-41.0	40.00-44.00	120s.....	33.0-44.5	40.00-47.5

The increases tabulated above are exclusive of the additional 10 per cent ad valorem provided in paragraph 904, section (d), H. R. 2667, which will increase the maximum rate on cotton cloths, printed, dyed, or colored, from 47.5 per cent ad valorem to 57.5 per cent ad valorem for cloths woven with eight or more harnesses, or with jacquard, lappet, or swivel attachments.

Nor does the tabulation include the provision made in paragraph 905, H. R. 2667, for 5 per cent ad valorem, in addition to rates imposed in paragraphs 903 and 904, on cloth, in chief value of cotton, containing silk or rayon. This additional duty will raise the maximum rate on shirting fabrics to 62½ per cent ad valorem.

These facts, we believe, demonstrate completely that the proposed straight ad valorem rate of 37½ per cent in the bill H. R. 2667 is out of all reason. Even the "basket" paragraph 921 of the present act, paragraph 922 of H. R. 2667, provides 40 per cent ad valorem for miscellaneous articles, finished or unfinished, of which cotton is the component material of chief value, not elsewhere especially provided for. This alone shows the injustice of the present and proposed provision for men's shirts.

Since the fabric in men's cotton shirts will vary in price almost directly with the variation in average yarn count, and since the duty provided for cotton cloth under the present act and under the bill H. R. 2667 also progresses with the yarn count, and as the cost of the shirt depends largely upon the cost of the cloth therein, it stands to reason that an arrangement of progressive rates for shirts, on the basis of the average official yarn counts and weave construction of the cloth from which the shirts are made, will be the nearest approach to complete equity.

This claim is justified upon the merits of the proposition, and is substantiated when reference is had to the matter of the methods provided for plain cotton handkerchiefs, both in the act of 1909 and in the present act of 1922, and continued in the bill H. R. 2667.

Reference to paragraph 918 in the present act and the bill H. R. 2667 shows for handkerchiefs the same system of progressive rates, by average yarn counts, as holds for cotton cloth from which the handkerchiefs are made.

However, although for handkerchiefs in the raw, not hemmed or hemstitched, the rates are the same as those provided for the cloths, for the finished handkerchiefs, hemmed or hemstitched, 10 per cent ad valorem in addition is provided to compensate for the cost of producing the handkerchiefs from the cloth.

Since there are many more manufacturing operations—cutting, stitching, etc.—necessary in the making of a shirt than in the production of handkerchiefs, and as many of the shirt-making operations require great skill on the part of the workers, who rate higher in the wage scale than holds for hemmers of handkerchiefs, a much greater additional ad valorem duty above rate on component material should apply to shirts.

Paralleling the method adopted for handkerchiefs, we earnestly request a provision for men's shirts, as follows:

(1) In our brief filed with our testimony on June 18, we suggested two alternative clauses amending paragraph 919, each of which would provide specially for men's shirts. At that time it was noted by your committee that in one clause we were asking for a minimum of 35 per cent ad valorem instead of 37½ per cent ad valorem proposed in H. R. 2667. Our witness was questioned on this point and stated, in our behalf, that we felt the lower rate should apply on the cheaper grades of shirts.

(2) At this time we wish to submit for your consideration, in addition to the two alternative clauses perviously submitted, the following clause as an amendment to the present text of paragraph 919, H. R. 2667: "Men's shirts, wholly or

in chief value of cotton, finished or unfinished, shall pay duty at the rate applying to the component cloth of chief value, and, in addition thereto, 15 per centum ad valorem."

The fact that handkerchiefs, in a finished stage, have been dutiable on such basis under the present act and under a preceding act, would clearly show the practicability of our suggested amendment. Under the act of 1922, through December 31, 1927, imports of handkerchiefs have averaged annually \$881,277. And, as shown on page 1603, of the Summary of Tariff Information, 1929, compiled by the Tariff Commission, 96 per cent of the importations of handkerchiefs in 1927 were in the finish: 1 stage, hemmed or hemstitched.

To ascertain the official yarn number of the cloth in a shirt for determining rate of duty, destructive analysis may to some extent be necessary. But, as a regular practice, consular invoices could show the structure of the cloth in the shirt, for checking purposes, as is now done for cotton cloth importations entering as piece goods, or raw material for garment fabrication. Furthermore, it is ordinary trade custom, among shirt manufacturers throughout the world, to supply buyers with small reference swatches of the fabric purchased. Such swatches, therefore, would be readily available, without extra expense or trouble, and might be attached to the consular invoice, or to a shirt in the hemming, thus furnishing an identical piece of the goods in the shirt, to be used, if or when necessary, for destructive analysis.

It is, of course, understood, that in the administration of the customs, it would hardly become necessary to test any considerable proportion of the imported articles.

Thus we most earnestly request this provision for men's shirts be included as an amendment to paragraph 919 of H. R. 2667, in fairness to the domestic producer, and as a matter of equity to the foreign producer of the imported article. No other method that we could suggest would provide a reasonable parity throughout the extreme range of quality in the full line of shirts produced that are comparable with imports.

Respectfully yours,

NATIONAL ASSOCIATION OF SHIRT MANUFACTURERS,
By JULES LEEDS,
HARRY JACOBSON,
RALPH HUNTER,
E. H. BETTS, *Chairman,*
Tariff Committee.

Signed and sealed this 10th day of July, 1929.

[SEAL.]

GEORGE E. WOOD,
Notary Public.

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