

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 VIII

SCHEDULE 8

SPIRITS, WINES, AND OTHER BEVERAGES

JUNE 15, 1929

(With Supplement)

I N D E X E D

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COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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SUBCOMMITTEE OF THE COMMITTEE ON FINANCE

SCHEDULE 8.—SPIRITS, WINES, AND OTHER BEVERAGES

SAMUEL M. SHORTRIDGE, California, *Chairman*

REED SMOOT, Utah.

JAMES E. WATSON, Indiana.

PAT HARRISON, Mississippi.

TOM CONNALLY, Texas.

FOREWORD

Under authority of Senate Resolution 335, Seventieth Congress, second session, the United States Senate Finance Comm. ttee, 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 positions will be conducted before full committee at the conclusion of the subcommittee hearings.

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

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

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

ISAAC M. STEWART, *Clerk.*

TARIFF ACT OF 1929

SCHEDULE 8—SPIRITS, WINES, AND OTHER BEVERAGES

SATURDAY, JUNE 15, 1929

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

BITTERS

[Par. 802]

STATEMENT OF J. CLIFFORD McCHRISTIE, REPRESENTING W. A. TAYLOR & CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)
Senator SHORTRIDGE. Whom do you represent before this subcommittee?

Mr. McCHRISTIE. I represent W. A. Taylor & Co., who imports Egon Braun Amargo Bitters.

I think, Mr. Chairman and gentlemen, that I may be speaking a little out of order. I represented my client before the House committee and Mr. Wuppermann, who imports another preparation called Angostura Bitters, received under the old tariff a rate of duty of \$2.60 per proof gallon. I appeared before the House Committee and recommended that that provision should apply to all bitters which were imported which are approved by the Prohibition Department as being unfit for beverage purposes. That is the situation which exists.

Senator HARRISON. And they did put it in.

Mr. McCHRISTIE. They did put it in.

Senator HARRISON. They put them on the same basis.

Mr. McCHRISTIE. The bitters, as I understand it in the present tariff—

Senator SHORTRIDGE. What section is that?

Mr. McCHRISTIE. Paragraph 802. Under the present tariff as it now stands I believe the Angostura people applied to the Senate Finance Committee to have a special rate of duty upon Angostura bitters because it had been approved by the Treasury Department as a medicinal preparation; and, for that reason, they felt that it should be entitled to a special rate; and the Senate Finance Committee did put it in at a rate of \$2.60.

Senator HARRISON. The old rate was \$5.

Mr. McCHRISTIE. No; I think they have paid \$2.60 for some time past. In the present tariff it is \$2.60. The Senate Finance Committee—

Senator SHORTRIDGE. One moment. Under the present law Angostura bitters pay \$2.60 per proof gallon.

Mr. McCHRISTIE. That is right, sir.

Senator SHORTRIDGE. In the bill as it comes to us those words are stricken out.

Mr. McCHRISTIE. Yes, sir.

Senator SHORTRIDGE. Which, of course, means that Angostura bitters is put under the general class with others.

Mr. McCHRISTIE. Yes.

Senator SHORTRIDGE. And carries \$5.

Senator HARRISON. Under the old law all bitters like Angostura bitters paid \$5 a gallon.

Mr. McCHRISTIE. Yes.

Senator HARRISON. But the Angostura bitters were put in at \$2.60—given that preferential.

Mr. McCHRISTIE. Yes, sir.

Senator HARRISON. Your proposition is that they should both be placed upon the same basis.

Mr. McCHRISTIE. Yes, sir.

Senator HARRISON. Whether it is \$5 a gallon or whatever the rate is.

Mr. McCHRISTIE. Yes, sir.

Senator SHORTRIDGE. What is your position?

Mr. McCHRISTIE. Our position is that we favor the proposition of all bitters being upon the same level and not giving a preferential rate of duty to any trade-mark preparation. Angostura bitters has a trade-marked preparation.

The preparation which I represent, Egon Braun Amargo bitters, is imported from Germany. It is approved by the Treasury Department, and has been manufactured in Germany from, I think, 1883. It has been imported into the United States both before and after the war. I think they started their importation in 1918 or 1921 or 1922, when the Treasury Department decided that Egon Braun Angostura bitters, as it was then called, was unfit for beverage purposes and could be admitted into this country as a medicinal preparation at that time.

Senator HARRISON. Why were the other bitters given a preferential rate of \$2.60?

Mr. McCHRISTIE. The Angostura people?

Senator HARRISON. Yes.

Mr. McCHRISTIE. I can explain that. The Angostura people appeared before the Senate Finance Committee and urged on the ground that they were importing a medicinal preparation which was unfit for beverage purposes; that they should not be classified as a liquor and, therefore, were entitled to a preferential rate of duty.

At that time, gentlemen, there was no other preparation being imported into this country under that provision.

Senator HARRISON. Are there any now except this Angostura?

Mr. McCHRISTIE. I do not know of any at the present time.

Senator SHORTRIDGE. What is the name of your client?

Mr. McCHRISTIE. Egon Braun Amargo Bitters. I might mention that at that time the Senate committee was told by the Angostura

people—and I was present at the time—that all preparations which were approved by the Treasury Department as being unfit for beverage purposes should have the same rate of duty.

Senator HARRISON. Is that their position now?

Mr. McCHRISTIE. They want a preferential rate of duty. I do not care, Senator, whether you make the rate \$5 or whether you make it \$2.60, but I do not think they should have a preferential rate of duty.

Senator SHORTRIDGE. The House bill, as it comes to us, puts them both on the same basis.

Senator CONNALLY. Are you satisfied with the House bill?

Mr. McCHRISTIE. I am satisfied with the House bill. My adversary, the Angostura Co., are going to ask that they be given preferential treatment; but we ask that all bitters be placed on the same basis.

May I submit this brief?

Senator SHORTRIDGE. It will be received.

(The brief submitted by Mr. McChristie is as follows:)

BRIEF OF W. A. TAYLOR & Co.

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

The purpose of this memorandum is to urge this committee to adopt paragraph 802 of Schedule 8, as recommended by the Committee on Ways and Means of the House of Representatives, so that one importer will not continue to secure a preferential rate of duty to the exclusion of all others importing similar and like products.

Paragraph 802 of the present tariff reads as follows:

“Brandy and other spirits manufactured or distilled from grain or other materials, cordials, liqueurs, arrack, absinthe, kirschwasser, ratafia, and bitters of all kinds (*except Angostura Bitters*) containing spirits and compounds and preparations of which distilled spirits are the component material of chief value and not specially provided for, \$5 per proof gallon; *Angostura Bitters, \$2.60 per proof gallon.*”

The attention of the committee is respectfully called to the exception italicized in the above paragraph. In the year 1921, when the present tariff was under discussion for revision, the J. W. Wuppermann Angostura Bitters Agency (Inc.), the sole agents in the United States for Angostura Bitters, recommended and urged that a distinction should be made in the tariff between bitters of all kinds containing spirits which were fit for beverage purposes and bitters which were unfit for beverage purposes, and which had been so classified by the Prohibition Commissioner. It was urged at that time that the tariff should contain a provision reading as follows:

“Bitters containing alcohol that have been classified by the Prohibition Commissioner as unfit for beverage purposes, \$2.60 per proof gallon.”

This contention that a distinction should be made in the tariff between bitters which were fit for beverage purposes and unfit for beverage purposes was approved by the Senate. The wording of this paragraph was then changed and altered in the tariff bill excepting Angostura Bitters as above italicized. The result has been that Angostura Bitters now pays a duty of only \$2.60 per proof gallon, while all other bitters of a similar kind and nature are paying \$5 per proof gallon. Up to and including the month of February, 1926, all bitters containing alcohol which were approved by the Treasury Department as being unfit for beverage purposes were entered and cleared at the rate provided for Angostura Bitters, namely, \$2.60 per proof gallon. In the month of December, 1926, the United States Customs Court, third division, in an action entitled W. A. Taylor & Co., plaintiff, against United States, defendant, held that Egon Braun Amargo Bitters were dutiable under paragraph 802 of the tariff act of 1922 at \$5 per proof gallon and that the exception, Angostura Bitters, as contained in this paragraph, referred wholly and solely to the Angostura Bitters imported by J. W. Wuppermann Angostura Bitters Agency (Inc.).

It is obvious that with the present wording and rulings of both the customs officials and the Customs Court that the article Angostura Bitters is receiving a preferential rate to the exclusion of all other similar imported articles.

EGON BRAUN AMARGO BITTERS IMPORTED BY W. A. TAYLOR & CO. OF NEW YORK CITY

W. A. Taylor & Co. of New York City is the sole agent and importer in the United States of Egon Braun Amargo Bitters. These bitters are manufactured in Hamburg, Germany. Their origin dates back to the year 1877, and since the year 1882, they have been and now are exported to all parts of the world.

ORIGINAL EGON BRAUN ANGSTURIA BITTERS ARE IDENTICAL WITH EGON BRAUN AMARGO BITTERS SOLD IN THE UNITED STATES

These bitters since the year 1882 have been sold, and are known throughout the world as Original Egon Braun Angostura Bitters. The labels have been registered in Germany since 1882 and in England since 1883. Prior to prohibition, they were also imported and sold in the United States under the name of Egon Braun Angostura Bitters.

In or about the year 1923 an action was instituted in the United States District Court for the southern district of New York by Angostura Bitters (Dr. J. G. B. Siegert & Sons (Ltd.)), plaintiff, against B. B. Dorf & Co. (Inc.), defendant (the then American agent of Original Egon Braun Angostura Bitters), to enjoin and restrain the use of the word "Angostura" in connection with the word "Bitters," not manufactured by the plaintiff. Immediately upon the institution of this action, and the information that the word "Angostura" was a trademark registered in the United States Patent Office, the manufacturer of Egon Braun Angostura Bitters consented to and did change the name of its product for the United States to Original Egon Braun Amargo Bitters, and accordingly a decree of the United States District Court for the southern district of New York was entered on the 10th day of June, 1924. A copy of this decree is annexed hereto, and marked "Exhibit A."

EGON BRAUN AMARGO BITTERS IS A MEDICINAL PREPARATION CONTAINING ALCOHOL PREPARED ON APPLICATION OF ANGSTURIA BARK AND CLASSIFIED BY THE PROHIBITION COMMISSIONERS AS UNFIT FOR BEVERAGE PURPOSES

Numerous testimonials of the medical profession acknowledging the high medicinal value of Egon Braun Amargo Bitters could readily be submitted herewith. For the purpose of this memorandum, however, we feel that the classification of medicinal preparation given these bitters after an analysis by the Treasury Department should suffice. The letter of the Treasury Department authorizing the importation of this preparation is set forth in full:

**TREASURY DEPARTMENT,
BUREAU OF INTERNAL REVENUE,
Washington, November 21, 1922.**

GENTLEMEN: Replying to your letter of October 19, 1922, you are informed that samples of Angostura Bitters manufactured by Egon Braun have been examined by this office and found to be unfit for use for beverage purposes. Therefore, any such bitters which conform to the samples examined may be imported without permit under the national prohibition act for sale for medicinal purposes exclusively. Any sales thereof for beverage purposes or under circumstances from which a beverage use might reasonably be deduced by a person of ordinary prudence, will render the vendor liable to the penalties denounced for the sale of intoxicating liquors as such for beverage purposes.

This office is not advised as to the commercial aspects of importation, and, in consequence, can not furnish you with information on the subject, except that taxes prescribed by law and regulations will be due on this product and will be collected by the Customs Officials when imported into the United States.

For information in regard to taxation, you should communicate with the division of customs, Secretary's office, Treasury Department, Washington, D. C.

Respectfully,

**R. A. HAYNES,
Prohibition Commissioner.**

After this authorization for the importation of these bitters was granted, the name was voluntarily changed to Egon Braun Amargo Bitters, as before mentioned, and the Treasury Department again ratified this by the following letter:

TREASURY DEPARTMENT,
BUREAU OF INTERNAL REVENUE,
Washington, September 22, 1923.

GENTLEMEN: Replying to your letter of August 25, 1923, you are informed that the change in the name of your product Egon Braun Angostura Bitters to Egon Braun Original Amargo Bitters has been noted.

If the composition of these bitters is the same under the new name, the instructions contained in the office letter addressed to you on November 21, 1922, relative to the importation of Egon Braun Angostura Bitters are applicable. Since these bitters have been held to be unfit for use for beverage purposes, no license is issued by this department for importation.

Copies of this letter and the one addressed to you on November 21, 1922, will be furnished the division of customs, Secretary's office.

Respectfully,

R. A. HAYNES,
Prohibition Commissioner.

Ever since the issuance of this last letter, these bitters have been imported into the United States under the name of Egon Braun Amargo Bitters.

EGON BRAUN AMARGO BITTERS AND ANGOSTURA BITTERS ARE SIMILAR AND LIKE PRODUCTS AND SHOULD BE INCLUDED IN THE SAME SECTION OF THE TARIFF AND PAY A SIMILAR DUTY

Both Egon Braun Amargo Bitters and Angostura Bitters are permitted to be imported into the United States by the Treasury Department because they are unfit for beverage purposes, and are used for medicinal purposes. Egon Braun Amargo Bitters is actually an Angostura Bitters and is prepared on the application of Angostura bark. The similarity of these products is evidenced in the decree of the United States District Court for the Southern District of New York, dated June 10, 1924, annexed hereto and marked "Exhibit A," a portion of which reads as follows:

"That the defendant (the agent in the United States for Egon Braun Angostura Bitters) or any of its agents or attorneys may, for purpose of importing Egon Braun Amargo Bitters, now being imported by it, for purposes of tariff, claim that its bitters should come under the same classification as 'Angostura' so that the defendant may attempt to secure whatever import classification 'Angostura' bitters now has or may hereafter have."

A reading of the paragraph just quoted forecloses any conception of classifying Egon Braun Amargo Bitters in any other class or category than that of Angostura Bitters. This decree, which was made by a court of record upon the consent of Angostura Bitters and Egon Braun Amargo Bitters, precludes the raising of any question but that these two preparations are similar and are entitled to the same classification under the tariff act.

Under the present wording and phrasing of paragraph 802 of the tariff act of 1922, Angostura Bitters secures the preferential rate of \$2.60 per proof gallon, while Egon Braun Amargo Bitters pays a duty of \$5 per proof gallon.

In conclusion it is urged that paragraph 802 of the proposed bill as submitted by the Committee on Ways and Means of the House of Representatives be approved by this committee so that all bitters containing alcohol that have been classified by the Prohibition Commissioner as unfit for beverage purposes will be entered under the new tariff law at the same rate of duty.

Respectfully submitted.

J. CLIFFORD McCHRISTIE,
Attorney at Law
(For W. A. Taylor & Co.).

EXHIBIT A

At a stated term of the District Court of the United States for the Southern District of New York, held in the court rooms thereof, in the United States post-office building, city of New York, State of New York, this 10th day of June, 1924. Present: Hon. Augustus N. Hand, United States district judge. Angostura Bitters (Dr. J. G. B. Siegert & Sons) (Ltd.), plaintiff, against B. B. Dorf & Co. (Inc.), defendant. In Equity No. 29/78

On the subjoined consent of the solicitors of the respective parties, it is—

Ordered, adjudged, and decreed that the defendant B. B. Dorf & Co. (Inc.), its clerks, attorneys, servants, agents and workmen be perpetually enjoined and restrained—

From using the word "Angostura" in connection with the word "bitters" upon any label, card or advertisement of or concerning any bitters not being manufactured by the plaintiff, as well as from importing, offering for sale or otherwise dealing in or representing any bitters or suggesting to anyone that they may be sold or represented as or for Angostura Bitters except those actually made and otherwise dealt in by the plaintiff:

Provided, however, That the defendant or any of its agents, or attorneys, may, for purposes of importing Egon Braun's "Amargo" Bitters now being imported by it, for purposes of tariff, claim that its bitters should come under the same classification as "Angostura" so that the defendant may attempt to secure whatever import classification "Angostura" Bitters now has or may hereafter have.

Ordered, adjudged, and decreed that defendant is hereby forever perpetually enjoined and restrained from using on its label any autograph signature, facsimile, or otherwise, between the reproductions of two seals or medals, and from imitating plaintiff's trade-mark as registered with the United States Patent Office under registration No. 7204, consisting of a panel of plaintiff's label containing a facsimile autograph signature printed between the reproductions of the obverse and reverse sides of a medal: *Provided, however,* That this injunction shall not apply to defendant's present stock of bitters, consisting of 1,146 dozen bottles (which shall be disposed of by defendant within eight months of the date hereof, or the balance then on hand relabeled as hereinafter provided) or to any other feature of the label attached to the bill of complaint as Exhibit I, said label being used on the bitters now marketed by the defendant, samples of said bottles of bitters, bearing such label, having attached to them tags entitled in this suit and marked "Plaintiff's Exhibits, Defendant's Bottles": *Provided, however,* That the defendant, after the disposal of the bottles now on hand will rearrange its label so that the central panel with the medals and signature shall be dispensed with and such medals and signature shall be either altogether omitted or be relocated on the label, without being in a panel, or without the medals and signature being in juxtaposition.

Ordered, adjudged, and decreed that defendant's counterclaim be and the same hereby is dismissed on the merits the defendant having waived its counterclaim in view of this settlement.

Ordered, adjudged, and decreed that the plaintiff having waived profits, and damages with respect to past alleged infringement, this decree is made final.

Ordered, adjudged, and decreed that neither plaintiff nor defendant shall advertise in any manner, this decree.

Ordered, adjudged, and decreed that the plaintiff and the defendant have waived costs as against each other.

AUGUST N. HAND,
United States District Judge.

We consent to the entry of the foregoing decree.

GIBBONEY & LOWE,
Solicitors for Plaintiff.

**STATEMENT OF A. EDWARD WUPPERMANN, GREENWICH, CONN.,
REPRESENTING J. W. WUPPERMANN ANGOSTURA BITTERS
AGENCY, (INC.), NEW YORK CITY**

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

Senator SHORTRIDGE. Whom do you represent before the committee?

Mr. WUPPERMANN. I appear for the J. W. Wuppermann Angostura Bitters Agency (Inc.), of New York City.

Senator SHORTRIDGE. Angostura Bitters is the particular matter we have under consideration.

Mr. WUPPERMANN. Yes, sir.

Senator SHORTRIDGE. You desire to see the product that you represent placed on a level with other and perhaps similar products?

Mr. WUPPERMANN. I suppose I will be given the privilege of submitting a brief within a reasonable time?

Senator SHORTRIDGE. Yes. You may prepare it and send it to the committee. It will be received and considered.

Senator HARRISON. The last time you appeared you wanted all bitters placed on the same level. Do you still want that, or do you want preferential treatment in this matter?

Mr. WUPPERMANN. I do not want preferential treatment in the sense that I want a different duty for the same goods; but what I want to try to do is to show you that our bitters is quite different from the other bitters and that there are economic reasons why it should have a classification of its own, letting others in that might meet the same requirements that you would impose.

Senator SHORTRIDGE. Briefly state your case.

Mr. WUPPERMANN. Our preparation dates back to 1824. It was made by a physician, a resident surgeon of the Military Hospital at Guayana, from Angostura, and so takes its name from Angostura, in Venezuela. It is manufactured in the Island of Trinidad, British West Indies. It is a very highly concentrated aromatic essence, carminative and stomachic. It is used all over the civilized world as a stomachic and carminative and also as a flavoring. The only use for beverage purposes has been a use as a flavoring the same as lime, or anything else that might go into a mixed or fancy drink. Its main use, I believe, is as a medicine. I have brought here the booklet which we distribute among the medical profession.

Senator SHORTRIDGE. Leave it with the clerk.

Mr. WUPPERMANN. I will do so. Under the present law the duty is \$2.60 per gallon. Under previous laws with the exception of the Underwood and the Payne-Aldrich Act—everything prior to that—it paid less than \$2.60 per gallon. It has never paid more.

The Ways and Means Committee has advanced the duty to \$5 per gallon, which is nearly 100 per cent advance. This advance was not made at the suggestion of any domestic manufacturer.

Mr. McChristie appeared before the committee and asked that the duty on his bitters should be reduced from \$5 to \$2.60 per gallon. The domestic manufacturers opposed that in a brief which they filed with the committee claiming that if the duty of these German bitters was reduced to \$2.60 per gallon it would mean that the German bitters would be sold in this market at \$12 per case as against \$15 per case which is the price of the domestic product. That is, they would undersell the domestic product \$3 per case.

The present price of the Amargo Bitters, these German bitters—there are quite a few of them manufactured in Germany and they are only waiting for a reduction in the duty to come in here—but under the \$5 duty the German bitters sells here at \$17 per case or about \$2 more than the domestic product, whereas Angostura Bitters paying \$5 per gallon sells at \$20 per case, or about 33½ per cent more than the domestic product.

In their brief the domestic manufacturers said the difference in price between these two brands, referring to Angostura Bitters and their bitters, having the advantage there of the duty, gives them an advantage of \$4 or \$5 per case more than our bitters. The Angostura Bitters are manufactured in the British Dominions, way down in the West Indies where raw material costs are large and way beyond the cost of raw materials entering into the manufacture of goods originating in Germany. We are not, therefore, urging an advance in this rate from \$2.60 to \$5. The German product Amargo is only one of many brands that are made in that country at manufacturing costs that can not be approached in this market; and if they are allowed into this country at that reduced rate, our industry which has existed and prospered for over half a century will be seriously embarrassed, if not completely ruined.

In their presentation the domestic manufacturers ended up:

Your committee is, therefore, most urgently requested not to change the duty on bitters as provided in paragraph 802, Schedule 8, of the present law.

Notwithstanding that the Ways and Means Committee advanced our duty from \$2.60 to \$5 per gallon, the domestic manufacturer having said they were perfectly satisfied with the existing rate.

Senator SHORTRIDGE. No. They said they were satisfied with the \$5 rate, did they not?

Mr. WUPPERMANN. No. They say:

Your committee is, therefore, most urgently requested not to change the duty on bitters as provided in paragraph 802—

which meant Angostura Bitters, \$2.60.

Senator SHORTRIDGE. They do, of course, take the position that there should be no change in that section?

Mr. WUPPERMANN. Yes. Now, I want to say this, that Angostura Bitters originally was used as a medicine for certain disorders that were prevalent particularly in the Tropics, but also in this country and the temperate zones; and is prescribed quite generally by physicians in this country.

Senator SHORTRIDGE. Not to interrupt you, Angostura Bitters are made down in the Island of Trinidad?

Mr. WUPPERMANN. Yes, sir.

Senator SHORTRIDGE. The others are made in Hamburg, Germany, and there are certain bitters bearing different names made here in the United States?

Mr. WUPPERMANN. Yes.

Senator SHORTRIDGE. What we will call the American manufacturers of bitters oppose any reduction, certainly as to the \$5 rate. Now, the bitters which you represent, I suppose, come into competition with the bitters represented by Mr. McChristie. Medicinally, I suppose, they bear some relation to each other, you claiming yours is superior, perhaps; Mr. McChristie claiming that the product which he represents is superior; but there is competition between you two in this market, naturally—is that right?

Mr. WUPPERMANN. I do not like to answer that either way. I would like to make an explanatory statement.

Senator SHORTRIDGE. I do not want to interrupt your thought. Whichever is the better, if either be good, there is this competition here in this market as between these two products, the one made in

Germany and imported here, and the other made in Trinidad and imported here.

Upon what theory do you claim that you have a preferential consideration? What is the philosophy of it?

Mr. WUPPERMANN. Because the two bitters are made from entirely different substances.

Senator SHORTRIDGE. That is interesting. Would you mind developing what are the principle ingredients or materials entering into your bitters?

Mr. WUPPERMANN. The bitter principle in Angostura Bitters is derived from gentian.

Senator SHORTRIDGE. From what?

Mr. WUPPERMANN. From gentian. It has no Angostura bark in it.

Senator SHORTRIDGE. What kind of bark is that?

Mr. WUPPERMANN. That is bark that comes from Angostura.

Senator SHORTRIDGE. That is the name of a town?

Mr. WUPPERMANN. Yes, sir.

Senator SHORTRIDGE. How does this bark get the name Angostura?

Mr. WUPPERMANN. Because it was originally shipped from Angostura, a town in Venezuela and it got to be known in the markets of the world as Angostura bark.

Senator SHORTRIDGE. Bark?

Mr. WUPPERMANN. As the bark that was shipped from Angostura.

Senator SHORTRIDGE. Bark coming from a plant or tree?

Mr. WUPPERMANN. Yes; from a shrub.

Senator SHORTRIDGE. Proceed. What is the botanical name?

Mr. WUPPERMANN. Custaria bark is the scientific name for it. Our bitters contain no Angostura bark. It gets its name from the town, which is the same as the name of the bark and the bark got that name for it was shipped from there originally. So our bitters having originated there were called Angostura Bitters.

Senator SHORTRIDGE. Then there is no bark used in any of these bitters?

Mr. WUPPERMANN. Yes, there is this Angostura bark used in the German bitters.

Senator SHORTRIDGE. It is used in the German bitters?

Mr. WUPPERMANN. But not in ours.

Senator SHORTRIDGE. Are you not traveling under a misleading name?

Mr. WUPPERMANN. We would be if we called it Angostura Bark Bitters, but we do not use Angostura bark, it is the same as Angostura balsam, which is balsam copaiba and the various other products that come from Angostura which could equally truthfully be called by the name Angostura. However, there is not any bitters in the bark, and there is no bark in the bitters.

Senator SHORTRIDGE. Then, is the German product misbranded?

Mr. WUPPERMANN. Oh, no. The German bitters has Angostura bark in it.

Senator SHORTRIDGE. They do have the bark in it?

Mr. WUPPERMANN. Yes.

Senator CONNALLY. But they both come from Angostura?

Mr. WUPPERMANN. Yes. They use a very slight infusion of the bark, when you get right down to it, which gives them the color of truth to sell their bitters as Angostura Bitters. Great Britain does

not permit it; none of her possessions permit it; Canada does not permit it; the United States does not permit that bitters to be called Angostura Bitters because it would be a misrepresentation.

Angostura bark is a bark that has a bad reputation. In fact, one time way back in 1867 when somebody in London wrote a letter to a paper which was published there in the Lancet, warning people against these Angostura Bitters because it contained Angostura bark, which was a dangerous bark, the old doctor wrote a letter to the Lancet and told them that his bitters never had contained Angostura bark and they did not contain Angostura bark, but that it was called Angostura Bitters because it came from the town where he was residing.

Senator CONNALLY. You say it is produced in Trinidad?

Mr. WUPPERMANN. The factory was removed to Trinidad.

Senator CONNALLY. A British possession?

Mr. WUPPERMANN. Yes; it is a British possession.

Senator CONNALLY. Of course, that is probably why Great Britain did not permit those other bitters.

Mr. WUPPERMANN. No; I do not think so. There are a lot of other countries that do not permit it. I do not think it is permitted in any of the European countries outside of Germany. I am not sure of that but I do not believe it is.

Senator SHORTRIDGE. Is the name "Angostura" copyrighted?

Mr. WUPPERMANN. No; it is not. It is a trade name.

Senator SHORTRIDGE. A trade name. Who is the owner of the product?

Mr. WUPPERMANN. The Angostura Bitters Co., in Trinidad.

Senator SHORTRIDGE. Who are the principle owners or stockholders in that company?

Mr. WUPPERMANN. The stock is widely distributed.

Senator SHORTRIDGE. Where was the company incorporated?

Mr. WUPPERMANN. It was incorporated originally in England and then it was changed to Trinidad. It is now a Trinidad corporation.

Senator SHORTRIDGE. The government there is what?

Mr. WUPPERMANN. British West Indies.

Senator SHORTRIDGE. Was the company reincorporated?

Mr. WUPPERMANN. It was reincorporated. They changed the corporation from a British corporation to a Trinidad corporation but retained the same name.

Senator SHORTRIDGE. Then, to sum up, you claim for various reasons advanced that you should have a better rate than the competing product represented by Mr. McChristie. That is your position?

Mr. WUPPERMANN. I am not referring particularly to his product, but to any product that does not come in our class.

Senator SHORTRIDGE. Exactly.

Mr. WUPPERMANN. I do not think he comes in our class, Senator,

Senator SHORTRIDGE. I gather that you think that for various and sundry reasons you should have a better rate, to put it in that way, than these other competing and, as you say, inferior products.

Senator CONNALLY. Who got you that special rate in the act of 1922; what Member of Congress or Senator was able to get it over?

Mr. WUPPERMANN. That was not gotten over by any Senator. We submitted a brief.

Senator CONNALLY. I do not mean anything wrong, but I wondered who was your main spokesman.

Mr. WUPPERMANN. We submitted a brief to the whole committee.

Senator CONNALLY. I know that, but some one Senator or Congressman was sufficiently interested to get it through, was he not?

Mr. WUPPERMANN. No.

Senator CONNALLY. Whose district are you in—Mr. Tilson's district?

Mr. WUPPERMANN. Mr. Tilson's; but I did not know Mr. Tilson at that time, Senator. I never met him. We submitted a brief.

Senator CONNALLY. I say you did, but it just has the earmarks of some substantial, powerful interest putting it over.

Senator SHORTRIDGE. Let me ask you about Abbott Bitters. They are manufactured in America, are they not?

Mr. WUPPERMANN. Yes, sir; Baltimore.

Senator SHORTRIDGE. And they compete with Angostura Bitters, do they not?

Mr. WUPPERMANN. They compete as flavoring, not as medicine.

Senator SHORTRIDGE. Are they essentially different?

Mr. WUPPERMANN. Yes, sir.

Senator SHORTRIDGE. You do not regard them as competing with you?

Mr. WUPPERMANN. Oh, yes; all bitters compete with us, but they are all a different kind of bitters.

Senator SHORTRIDGE. By chemical analysis?

Mr. WUPPERMANN. They are made very differently. I think analysis would show them to be more or less the same. Mr. Abbott claims that he makes his bitters, or did claim that he made his bitters from Angostura bark also.

Senator SHORTRIDGE. But your so-called Angostura Bitters contain no Angostura bark extract at all?

Mr. WUPPERMANN. No, sir.

Senator SHORTRIDGE. So it is a mere name?

Mr. WUPPERMANN. A trade name.

Senator CONNALLY. Do you bring your bitters in in bottles or bulk? Your duty is assessed by the gallon?

Mr. WUPPERMANN. No, it is brought in in bottles.

Senator CONNALLY. Quarts or pints?

Mr. WUPPERMANN. We pay duty on the bottle also.

Senator CONNALLY. What sized bottles, quarts or pints?

Mr. WUPPERMANN. No, small two ounce, four ounce, eight ounce, and eighteen ounce.

Senator CONNALLY. What does a quart sell for?

Mr. WUPPERMANN. We have no quart bottles.

Senator CONNALLY. Well, whatever size you have comparable to a quart.

Mr. WUPPERMANN. The 18-ounce bottle would sell for about \$2.50. That is about half a quart—it is a little more than a pint.

Senator CONNALLY. That sells for \$2.50. How much tariff do you pay on that, about 50 cents?

Mr. WUPPERMANN. No.

Senator CONNALLY. \$2.60 is the tax on the gallon. It would be about 60 cents, would it not?

Mr. WUPPERMANN. No, it would be less than that. It would be less than 40 cents.

Senator CONNALLY. You get a pretty good price for your bitters. I do not suppose it costs over 25 cents a gallon to make, does it?

Mr. WUPPERMANN. I do not know about that; I do not know how that would work out.

Senator CONNALLY. What are your bitters good for, stomach trouble?

Mr. WUPPERMANN. They are used as a stomachic; yes, sir; and a carminative.

Senator CONNALLY. To encourage appetite?

Mr. WUPPERMANN. If you will let me I will give you the information from this book.

Senator CONNALLY. I have your booklet. I am going to read that later.

Mr. WUPPERMANN. Let me read you what doctors say about it.

Senator SHORTRIDGE. I suppose the other bitters people could produce as many testimonials as you could?

Mr. WUPPERMANN. They are not used by the profession, Senator.

Senator SHORTRIDGE. Well, just wait a minute, now.

Mr. WUPPERMANN. To my knowledge, of course.

Senator SHORTRIDGE. You have filed a brief setting forth your views?

Mr. WUPPERMANN. No; I want to file a brief.

Senator SHORTRIDGE. You may do so. You have filed your brief and made your statement.

Mr. McCHRISTIE. I have.

Senator CONNALLY. Mr. Wuppermann, the superior qualities of your tonic that account for its preference among the medical profession would enable you to compete successfully with others at the same tariff rate would it not?

Mr. WUPPERMANN. Their price at this rate is \$17 per case.

Senator CONNALLY. Their price?

Mr. WUPPERMANN. Yes. Our price at the \$5 rate adding the profit which they must have on the duty would be \$26 a case.

Senator CONNALLY. But it is worth that much more is it not?

Mr. WUPPERMANN. I hope it is worth more.

Senator CONNALLY. I know and every professional man knows that a doctor does not prescribe the cheapest drug he can find to relieve a man of stomach ache, but he prescribes the best drug. Now, if your bitters enjoy the good will of the medical profession as you say they do I do not see wherein you need a more favored basis.

Mr. McCHRISTIE. May I have just one word to say in reply to Mr. Wuppermann?

Senator SHORTRIDGE. Yes.

Senator CONNALLY. I do not think we ought to inaugurate a policy of letting the first man have a rejoinder.

Senator SHORTRIDGE. But this gentleman is here. We will hear him in this instance.

Mr. McCHRISTIE. When this preparation was originally called Egon Braun Angostura Bitters and the Government imported its importation under that name, as soon as it was imported Mr. Wuppermann's firm instituted an action against the Egon Braun Co. to enjoin them from using the word "Angostura," and as soon as the Egon

Braun people in Germany learned that this action had been started they immediately notified the American representatives to consent to change the name "Angostura" to "Amargo," and a decree was entered in the United States Seventh District Court in New York consenting to an injunction forever restraining Egon Braun from using the word "Angostura" in its advertising, labels, and so forth, and that decree contained the following provision: That the defendant, meaning the Egon Braun Co., or any of its agents or attorneys may for purposes of importing Egon Braun's Amargo Bitters now being imported by it, for purposes of tariff, claim that its bitters should come in under the same classification as Angostura so that the defendant may attempt to secure import classification Angostura Bitters now have or may hereafter have.

That, gentlemen, was consented to by the Angostura Co. and it is a matter of record.

Senator CONNALLY. That does not amount to anything at all; because it does not affect their rights to contend for the duty classification they feel they should have.

Mr. McCHRISTIE. I merely offer that for the purpose of showing that they knew the two products were similar and that they could apply for the same rate of duty.

Senator CONNALLY. You were enjoined from using the name "Angostura"?

Mr. McCHRISTIE. We have never used it; but I wanted to show you what the court said so far as the question of tariff was concerned.

Senator CONNALLY. Of course, if the other company was in the field first using the name "Angostura" it would not be fair for you to come in and use it.

Mr. McCHRISTIE. We have never used it, Senator. This decree was entered in 1923. This has been sold as Angostura Bitters since 1882 to the trade, mainly in England, and has always gone under the name of Egon Braun Angostura Bitters and was imported into the United States prior to 1914 as Egon Braun Angostura Bitters.

Senator CONNALLY. When was this other bitters started?

Mr. McCHRISTIE. In 1824. The Egon Braun Angostura Bitters never was sold to any great extent in this country and that is the reason they voluntarily consented to strike out of the name the word "Angostura" if it did conflict with Mr. Wuppermann's product.

Senator SHORTRIDGE. You call our attention to a proceeding in equity to enjoin your company from using the word "Angostura" which shows that counsel representing the respective parties appeared and consented to the entering of a certain decree.

Mr. McCHRISTIE. Yes, sir.

Senator SHORTRIDGE. And you are telling this committee that your company, the defendant in that proceeding, has observed, of course, the injunction entered.

Mr. McCHRISTIE. Yes, sir.

Senator SHORTRIDGE. But you also invite our attention to the fact that in that proceeding the ruling of the court was that you might claim the same rate of tariff protection or duties?

Mr. McCHRISTIE. Yes, sir.

Senator SHORTRIDGE. Of course, that has no binding effect upon us.

Mr. McCHRISTIE. No, sir.



Mr. WUPPERMANN. Might I say that Mr. McChristie, I think unwittingly, has omitted a rather material fact, and that is that the action was brought on the imitation of labels.

Senator SHORTRIDGE. What?

Mr. WUPPERMANN. The action was brought to restrain an imitation label used by them.

Senator SHORTRIDGE. Yes.

Mr. WUPPERMANN. They did not dare to import into this country on a label bearing the name "Angostura." But we did insist that while we were getting the injunction they should also be enjoined since they were imitators, that they should also be enjoined against using the name "Angostura" on their labels.

Senator SHORTRIDGE. Well, you are a pretty good lawyer and believed—

Mr. WUPPERMANN. I am not a lawyer, sir.

Senator CONNALLY. Are you the Mr. Wuppermann who is the agent in America of this Angostura?

Mr. WUPPERMANN. Mr. J. W. Wuppermann is president. Mr. Gibbony is our vice president. I am general manager.

Senator CONNALLY. Your name is Wuppermann?

Mr. WUPPERMANN. Yes, sir.

Senator CONNALLY. J. W. Wuppermann?

Mr. WUPPERMANN. No; Edward R. Wuppermann.

CITRUS FRUIT JUICES FOR BEVERAGE PURPOSES

[Par. 806]

STATEMENT OF CARL D. LOOS, WASHINGTON, D. C., REPRESENTING THE CALIFORNIA CITRUS LEAGUE

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

Senator SHORTRIDGE. For whom do you appear?

Mr. Loos. For the California Citrus League of Los Angeles, Calif., whom I have represented for the past 15 years.

Senator SHORTRIDGE. You address yourself to what particular section or paragraph?

Mr. Loos. Paragraph 806, the beverage schedule. The California Citrus League, on whose behalf I appear, is an organization composed of some 15,000 growers of lemons, oranges, and grapefruit in the State of California. The organization represents practically the entire industry of citrus growing in that State.

We are asking a slight modification of paragraph 806 so as to provide that concentrated juices of the citrus fruits may take a higher rate than the natural, or raw, juices which are covered by paragraph 806.

Senator SHORTRIDGE. Explain, if you will, kindly to the committee where these products come from and why the American is directly interested?

Mr. Loos. Yes, sir. I may say as a preface to that, Senator, that under the present law some of the citrus juices are on the free list; others are under paragraph 806. Lemon, lime, and sour orange juice

is on the free list in the present law. Sweet orange juice and grapefruit juice are, theoretically, under paragraph 806 in the present law; but, as a matter of fact all importations so far as we know have been described as sour orange juice and have come in free, thereby evading the duty intended.

The House bill has corrected the situation by eliminating from the free list lemon, lime, and sour orange juice and those juices automatically fall under paragraph 806 which does not name the separate juices by name but applies to all other fruit juices not specifically named.

Paragraph 806 provides an adequate duty on the natural, or raw juices; but the juices can be concentrated to a bulk one-sixth that of the natural juice and importations of beverage juices are coming, in the case of orange juice, from Mexico—there were about 60,000 gallons imported from Mexico last year.

Senator CONNALLY. Is that the concentrated juice or the natural juice?

Mr. LOOS. That is the natural juice. Lemon juice is coming free from Italy and lime juice from the West Indies. The juices that are coming in now are natural, or raw juices; but they are coming in free, as I stated, either as lemon or lime juice, or being described as sour orange juice and thereby evading the duty that is intended.

Now they may not evade the duty any longer when they are confronted with the duty provided in the bill.

Senator SHORTRIDGE. That is paragraph 806?

Mr. LOOS. By paragraph 806. What we fear and believe is that instead of importing the raw juice they will turn to the concentrated juice. If they do that, then instead of paying 70 cents a gallon on the natural juice, as provided in paragraph 806, they will pay only one-sixth of that, or a rate equivalent to 12 cents a gallon.

Senator SHORTRIDGE. In other words, to state the matter again and in this form, under paragraph 806 as at present drawn the duty on juices amounts to 70 cents per gallon?

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. That is satisfactory?

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. But in order to evade that duty these juices can be put into other forms and 6 gallons reduced to 1 gallon.

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. And be brought in under a different rate, in effect?

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. Is that right?

Mr. LOOS. That is correct.

Senator SHORTRIDGE. If I have not stated it clearly, you may do so.

Mr. LOOS. Yes, sir. If the 6 gallons of raw juice were brought in as natural juice they would pay 70 cents on each gallon.

Senator SHORTRIDGE. Pardon me right there. That applies on orange juice?

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. And orange juice comes in from Mexico?

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. If it came in as orange juice liquid it would pay 70 cents a gallon?

Mr. Loos. Yes, sir.

Senator SHORTRIDGE. But you say 6 gallons of the juice can be reduced to what form?

Mr. Loos. Into 1 gallon of concentrated juice. It will still be in liquid form.

Senator SHORTRIDGE. And it will come in at the same rate, 70 cents a gallon?

Mr. Loos. It will come in at 70 cents. In other words, to state it this way, we can take 1 gallon of orange juice on the other side of the border and reduce it to one-sixth of a gallon.

Senator SHORTRIDGE. Exactly.

Mr. Loos. And one-sixth of a gallon would only pay a duty of 12 cents whereas if it were imported as natural juice it would pay 70 cents a gallon.

Senator CONNALLY. Is the concentrated juice as good as the natural juice?

Mr. Loos. It is not as good; no.

Senator SHORTRIDGE. And is the same true as to lime and lemon juice—can they be concentrated too?

Mr. Loos. The same is true as to lemon juice and lime juice.

Senator SHORTRIDGE. Where does the lemon juice come from principally?

Mr. Loos. Lemon juice comes principally from Italy and the lime juice principally from the West Indies.

We have had an experience in the citrus industry under the present law with a loophole of that kind, Senator. Citric acid is a product of lemon and lime juice made by adding to the juice lime, which makes citrate of lime. Under the present tariff there is no duty on citric acid and citrate of lime, but the lemon and lime juice has been brought in in the past few years. There have been no importations of citrate of lime and very few importations of citric acid; but we must close this door or the importations will take the form of citric acid and citrate of lime.

I can not say that there is any substantial volume of importations at the present time in the concentrated form but we feel that as soon as the duty is made so that it can not be defeated on the natural juice that then they will shift from the natural juice to the concentrated juice.

Senator SHORTRIDGE. Therefore you are asking an amendment to this section as it comes to this Senate committee?

Mr. Loos. Yes, sir.

Senator SHORTRIDGE. And you have suggested the language you wish?

Mr. Loos. I have not, but I will. I would like to mention just one other point and that is this, that there are some juices concentrated to a solid or powdered form and, therefore, we would suggest that the unit of measure should not be liquid but one of weight so that it would apply either to liquid or solids, or powders. Therefore we suggest that the duty on the concentrated juices should be on the basis of the pound.

Our proposal is to add to paragraph 806 a provision which will put on the concentrated juices a duty equivalent to the duty on the natural juices based on a 6 to 1 concentration.

Converting it to pounds, a gallon of natural juice weighs about 8 pounds, or a little over. When it is concentrated a gallon of the concentrated juice of the 6 to 1 variety weighs a little less than 12 pounds. Therefore, 1 gallon of natural juice reduced to 6 to 1 concentration will weigh 2 pounds—one-sixth of 12 pounds. A duty of 70 cents per gallon is, therefore, equal to 35 cents a pound. I should not say "equal," perhaps I should say that a duty of 70 cents a gallon on raw juice is equivalent to a duty of 12 cents a pound on concentrated juice. Our suggestion is that there be added to this provision:

Concentrated juices from citrus fruits, whether in liquids, solids, or powdered form, 35 cents per pound, provided that in the figuring no allowance shall be made for sugar or other substances contained therein.

The purpose of that proviso was simply to avoid disputes that might arise from the claim that there is something in the concentrated besides mere juice which ought to pay a lower duty.

Senator CONNALLY. Notwithstanding the fact it is concentrated it is still fruit juice, is it not?

Mr. LOOS. Yes; but in the concentrating process they may add some sugar or something else. Of course, it is necessary to add preservatives.

Senator SHORTRIDGE. I think I understand it, but others will want to read this record, hence these repetitions, it may be, of thought. As this proposed act now reads the juices we have under consideration pay 70 cents per gallon, but it is feared that the exporter will change its form in such a way as to evade this proposed duty?

Mr. LOOS. That is our fear.

Senator SHORTRIDGE. And you believe that 6 gallons can be reduced to 1 gallon?

Mr. LOOS. We know that can be done, Senator, because we are doing that ourselves at our plant in California.

Senator SHORTRIDGE. Exactly. Also it can be reduced to powder form?

Mr. LOOS. Yes, sir.

Senator SHORTRIDGE. And you have worked out the problem and reached the conclusion, as you stated, that the rate should be not 70 cents per gallon as here, but such a multiple of 70 cents as would make the concentrated, solid, or powdered form pay the duty that should have been borne by it in the natural juice form?

Mr. LOOS. Yes, sir; that is the point.

Senator SHORTRIDGE. The result being to preserve the 70 cents tariff duty on a prospective importation of a gallon of any one of the juices named?

Mr. LOOS. Yes, sir; in whatever form it may be imported.

Senator SHORTRIDGE. Yes, whether it is in what we call the natural liquid form, its concentrated form or in the powdered form?

Mr. LOOS. Yes, sir. We think that probably in the multitude of details the House had before it when we brought this to its attention in the committee that it was overlooked.

Senator SHORTRIDGE. I can well believe it was. If you have not done so you might submit to us the particular language which you think should be added to section 806.

Mr. LOOS. Yes. I have already read it to you.

Mr. Chairman, I would like permission to file a brief next week. Mr. Teague, of California, and some people representing the growers are on the way here and will arrive Monday. They were not able to arrive to appear before the committee on this schedule, but they are on their way and I ask permission for them to be given leave to file a brief upon this subject.

Senator SHORTRIDGE. Permission will be granted for the filing of the brief referred to by the gentlemen indicated.

Mr. Loos. Thank you, sir.

Senator CONNALLY. You assume they are going to reduce this 6 to 1. Can they not just as well reduce it 4 to 1?

Mr. Loos. Yes, sir.

Senator CONNALLY. Ought you not to draw your provision in such a way that it will take care not only of a 6 to 1 concentration, but a 4 to 1 concentration?

Mr. Loos. That is quite true, but we thought that the practice would probably be in accordance with our practice which was not to stop short of a 6 to 1 concentration, as I understand it.

Senator CONNALLY. It costs something to reduce and concentrate this juice, does it not?

Mr. Loos. It does; yes.

Senator CONNALLY. That is a cost you are incurring in the reduction?

Mr. Loos. That is quite true.

Senator CONNALLY. And the higher the concentration the greater the cost?

Mr. Loos. Yes.

Senator CONNALLY. If you make your duty six times as much, it would prohibit that very thing.

Mr. Loos. The working out of the theory is an administrative detail. It is possible to establish a sliding scale.

Senator CONNALLY. If you have the ground work of this amendment the customs people have a perfectly accurate way of determining and fixing the degree of concentration with their chemists.

Mr. Loos. I presume it could be ascertained, but I am not familiar enough with it to say positively.

Senator CONNALLY. Since you are asking the committee to do something for you other than what is in the bill you ought to present your request in as attractive a form as possible and in a form subject to as little criticism as possible. I am really in sympathy with your view, but at the same time I do not want to take it too strong.

Senator SHORTRIDGE. My attention is called to this, that lime juice was reduced to powder and imported here some years ago.

Mr. Loos. There has been some importation, but it is very uncertain.

Senator SHORTRIDGE. Touching the question of the expense incident to reducing it to powder form and then shipping it into this country in that form, I suppose it is cheaper to send it in that way than it would be to send it in liquid form?

Mr. Loos. I am sorry to say I am not familiar with that. I do not think our people have ever made the powdered or solid forms of the concentrate. I am not sure.

Senator SHORTRIDGE. What Senator Connally developed was this that to preserve the parity of 70 cents per gallon it might be necessary to take into consideration the expenses incident to the reducing of the liquid to powder form, and possibly the question of freight rates, or insurance and other elements.

Mr. Loos. I think that is quite true, Senator, but, of course, the cost would probably be no greater in foreign countries than in this country, to reduce the juice to the concentrated form and sell it in the American market; and, of course, it would be in competition with concentrated juice probably more directly than in competition with the natural juice.

Senator SHORTRIDGE. Enough has been said to direct your mind to it.

Mr. Loos. Yes, Senator. Now, we will propose a sliding scale, if that can be worked up, or we will attempt to give reasons why it can not be worked out. I am not myself familiar enough with chemistry or the manufacturing processes to know whether the particular percentage of concentrate can be determined.

WITHDRAWAL OF GRAPE SPIRITS FOR FOOD-MANUFACTURING PURPOSES

STATEMENT OF JESSE P. CRAWFORD, WASHINGTON, D. C., REPRESENTING THE CALIFORNIA VINEYARDISTS ASSOCIATION

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

Senator SHORTRIDGE. What is your occupation, Mr. Crawford?

Mr. CRAWFORD. I am practicing customs law, associated with the firm of De Vries & Davis.

Senator SHORTRIDGE. You are here to address the committee on Schedule 8, spirits, wines, and other beverages, in certain particular.

Mr. CRAWFORD. That is correct. Mr. Chairman, and gentlemen of the committee: I am not going to encroach upon your time to any great extent.

Senator SHORTRIDGE. Have you filed a brief with the committee?

Mr. CRAWFORD. We have not filed a brief with the committee. I have one here which I would like to file.

Senator SHORTRIDGE. Very well; it will be received. Explanatory of, or supplemental to, that brief do you desire to address the committee?

Mr. CRAWFORD. I shall make only a few remarks.

Senator HARRISON. Tell us succinctly what it is you seek.

Mr. CRAWFORD. Gentlemen, our firm represents the California Vineyardists Association, which is an association of grape growers in California, and manufacturers of grape products of all kinds, from grape juice to jellies, jams, fruits, and everything of that character.

It is not a duty question which we are presenting; it is not a question of a rate of duty, or anything of that kind. It is more to be considered as an administrative question.

Our brief shows just what this association is, just what it does; and in order that you may get a succinct understanding of it I will say that under the prohibition law at the present time these growers

of grapes and also persons not engaged in growing grapes, but in purchasing grapes, are given permits for the manufacture of wine for use within the restrictions of the prohibition act. Those permits, naturally, are accompanied with authority to do all things that are necessary for the manufacture and preservation of that wine, and, therefore, include authority to operate distilleries in connection with the wineries, distilleries for the purpose of producing high-proof grape spirits or grape brandy to be used strictly for fortification purposes, as it is one of the essential and necessary incidents to the manufacture of wines.

These manufacturers of wines, under the very narrow limits of the prohibition law over the disposition of that wine, have also gone into the manufacture of other products, food products, from their grapes. These food products also are found by laboratory investigation to require high-proof spirits for preservation purposes. But, in view of the provisions in the so-called Willis-Campbell Act, which is supplementary to the prohibition act, prohibiting the importation and the manufacture of distilled spirits in the United States until the present supply has been reduced so low that it will not longer supply the legitimate need for distilled spirits, these manufacturers of these food products from the grapes, who must use high-proof spirits for preservation purposes, are denied the privilege of manufacturing their own high-proof spirits for that purpose.

Senator HARRISON. What is the limit of alcoholic content now, 2 per cent?

Mr. CRAWFORD. For food products the only limitation is just as little as may be necessary for preservation purposes; that is all.

Senator CONNALLY. More than 2 per cent?

Mr. CRAWFORD. It may be 2 per cent, or more, I suppose.

Senator HARRISON. There is no limitation.

Mr. CRAWFORD. There is absolutely no limitation except the practical limitation of what may be necessary for preserving purposes.

Finding themselves handicapped in this way, having invested capital in these distilleries connected with their wineries, which they operate only from about 60 to 90 days each year for the purpose of producing the required amount of spirits for fortification purposes, they have invested capital lying idle for the balance of the year.

Oftentimes when they want high-proof spirits for preservation purposes in their food products they have sufficient right there in their distilleries, right in their plants, but they can not use it because the prohibition authorities deny that privilege under the law.

Senator HARRISON. Let me ask you if this is not an attempt to change the present prohibition law by the amendment to the tariff act that you are suggesting to this committee?

Mr. CRAWFORD. It would involve this act administratively, as well as effect an amendment of the prohibition law as interpreted.

The manufacturers of grape food products, then, are compelled to go into the market and to purchase alcohol, transport that alcohol to their plants with the attendant dangers of diversion, and so forth, to be used in the preservation of their food products.

What the California Vineyardist's Association is asking, and all that it is asking, is such an amendment to the law as will permit them to use their own high-proof spirits in the manufacture also of

their own food products without having to go out and purchase alcohol for that purpose. That is all there is in the question.

Senator SHORTRIDGE. That is exactly the point. Under the present law, and as the law will presumably continue to be, this manufacturing establishment is under the eye and control of the Government.

Mr. CRAWFORD. It is.

Senator SHORTRIDGE. Now, for the record, as a part of your present statement, what you are asking may be put in these words:

To this end we have the honor to request that paragraph 813 in Schedule 8 of the tariff act of 1922 (par. 814, H. R. 2667) relating to spirits, wines, and other beverages, be amended by adding a proviso thereto as follows:

“Provided, That high-proof fruit spirits made in distilleries connected with wineries for use in the fortification of wines, may also be withdrawn and used, under regulations to be prescribed by the Commissioner of Prohibition, with the approval of the Secretary of the Treasury, in the manufacture of grape food products as well as for fortification purposes, subject to the same provisions of law respecting taxes, refunds, and abatements as may be applicable to such spirits when used for fortification purposes.”

That is all of it.

Senator SHORTRIDGE. That is really what you want.

Mr. CRAWFORD. That is right.

Senator SHORTRIDGE. It would not, in your judgment, Mr. Crawford, enable any frauds to be practiced upon the Government, or any breaking down of any existing law in respect of the control of the subject matter?

Mr. CRAWFORD. Absolutely none. On the other hand, we believe that it would have a tendency to reduce the incentive to fraud by reason of the fact that they must now go into the market for this alcohol, transport it sometimes thousands of miles with the attendant dangers of diversion.

Senator SHORTRIDGE. Whereas if this proviso is added in the language you have suggested, the alcohol made in the establishment would be used.

Mr. CRAWFORD. The high-proof spirits that are made right at the plant, where distilleries are already in operation.

Senator SHORTRIDGE. Precisely.

Mr. CRAWFORD. And which operate for only about 60 to 90 days per year to produce the necessary high-proof spirits for fortification purposes.

Senator SHORTRIDGE. You want to be able to use the spirits produced in that distillery or establishment.

Mr. CRAWFORD. Produced from their own grapes to be used in their own food products. That is a matter of simple justice.

Senator SHORTRIDGE. Rather than to be obliged to go abroad and purchase.

Mr. CRAWFORD. That is the point exactly.

Senator HARRISON. Did you present this amendment to the House Ways and Means Committee?

Mr. CRAWFORD. Yes; that amendment was presented, Senator Harrison, but not in the exact phraseology in which it appears here. It was intended to accomplish the same result, however.

Senator CONNALLY. The House declined it.

Mr. CRAWFORD. That is right.

Senator SHORTRIDGE. It was a very last-minute proposition. Thank you, Mr. Crawford.
(The brief by Mr. Crawford is as follows:)

BRIEF OF THE CALIFORNIA VINEYARDISTS ASSOCIATION

Hon. REED SMOOT,
*Chairman and Members of the Finance Committee,
United States Senate,
Washington, D. C.*

GENTLEMEN: The California Vineyardists Association, which is a voluntary organization composed of grape growers and manufacturers of grape products in the State of California, has the honor to invite your attention to the present condition of the law under which manufacturers of wine are permitted also to operate distilleries in connection with their wineries for manufacturing high-proof spirits to be used only for the purpose of fortifying, as a means of preserving, the wines manufactured under permit for nonbeverage purposes, and to request such an amendment of the law as will permit also the use of such high-proof spirits, as preservatives, in the manufacture of grape products, as well as for the fortification of wines.

The third paragraph of section 2 of the so-called Willis-Campbell Act, an act supplemental to the national prohibition act (42 Stat. 222), approved November 23, 1921, prohibits the granting of a permit authorizing the manufacture of any spirituous liquor, except alcohol, until the supply of such liquor in the United States shall have been reduced below the quantity necessary to supply the current need of such liquor for nonbeverage uses.

Under the rulings of the prohibition authorities the manufacture of grape spirits for fortification purposes is permitted as a necessary incident to the manufacture of wines under permit.

This no doubt is a correct interpretation of the law, and the owners of wineries in many instances therefore operate distilleries in connection with their wineries, as a means of producing on their own premises, and from their own grapes, the amount of high proof spirits necessary for use in fortifying their wines.

On account of the limited quantities of grape spirits required for such fortification purposes, it is necessary to operate the distilleries for only from 60 to 90 days during the year to produce the necessary amount of high-proof spirits required. During the remainder of the year the distillery plants lie idle at considerable expense to the owners thereof as the result of the idle capital invested therein.

These manufacturers of wines holding permits from the Government are engaged also in the making of various and numerous grape products which require the use of spirits for preservative purposes.

On account, however, of the provision in the so-called Willis-Campbell Act, referred to above, the prohibition authorities have denied to these manufacturers of grape products in which the use of high-proof spirits is necessary for preservative purposes, the privilege of distilling for their own use, and from their own grapes, the high-proof spirits to be used in the manufacture of such food products.

Notwithstanding the fact that they have fully equipped plants and are in a position to produce at those plants, under Government supervision, the spirits necessary for such preservatives in all their grape products, they are thus compelled to go into the market and purchase alcohol and transport the same to their wineries to be used for preservative purposes in grape food products manufactured by them. Meanwhile large quantities of grapes and other fruits which otherwise would be salvaged and converted into spirits are left to rot in the field.

The grape industry of California, engaged as it is in manufacturing various and numerous kinds of articles which are proper and essential for food purposes, finds itself seriously handicapped in this respect, and therefore feels that the law should be so amended as to remove all doubt and permit those operating distilleries in connection with their wineries to produce also sufficient high-proof fruit spirits for use in the industrial lines in which they may be engaged.

There is no industry in the United States which shows such tremendous losses in recent years as the California grape industry. It represents an investment of over \$350,000,000. While it is true that for one or two years following the war great increases in prices of grapes gave handsome profits to the growers, that situation proved to be of great disadvantage because it encouraged the planting of an increased acreage which more than doubled the grape acreage of the State.

These new plantings during the last year or two are coming into bearing, thus bringing about an increased production of grapes at a time when the prohibition law has practically closed the market for wines, with the result that the grape growers of California have suffered an almost irrecoverable loss.

The grape industry is estimated to be the third largest industry in the State of California, and its destruction will menace the economic welfare of the whole State. At the beginning of 1928 there were 750,000 acres of grapes in California, many thousands of which have been and are being taken over by the banks. Other thousands of acres have been uprooted at a tremendous loss to the owners and thousands of tons of grapes are left on the vines to rot every year.

In this condition of the grape industry of California, it seems unjust that manufacturers of pure grape food products in which high-proof spirits are necessary for preservative purposes, and with such spirits made from the grape standing alongside in sufficient quantities to supply every legitimate need, are not permitted to use those fruit spirits, and thus preserve the pure grape flavor, but, on the contrary, are compelled to go into the market and purchase alcohol for that purpose, and transport the same to their plants with the attendant dangers of diversion en route.

The extension of such a privilege to the manufacturers of these grape products would seem to be a reasonable one, founded in justice, and to be warranted by the necessity for encouraging the development of every legitimate avenue for the marketing of these grapes and their products.

To this end we have the honor to request that paragraph 813 in Schedule 8 of the tariff act of 1922 (par. 814, H. R. 2667), relating to spirits, wines, and other beverages, be amended by adding a proviso thereto as follows:

“Provided, That high-proof fruit spirits made in distilleries connected with wineries for use in the fortification of wines may also be withdrawn and used, under regulations to be prescribed by the Commissioner of Prohibition with the approval of the Secretary of the Treasury, in the manufacture of grape food products as well as for fortification purposes, subject to the same provisions of law respecting taxes, refunds, and abatements as may be applicable to such spirits when used for fortification purposes.”

Such an amendment of the present law will remove the injustice referred to above under which the grape interests of California are resting at the present time, and will also obviate entirely the present danger of diversion into illicit channels of alcohol that must be purchased in the open market and transported to the places of manufacture of these various grape products, by reason of the fact that the spirits necessary for such manufacturing purposes will be produced at the plants themselves under Government supervision and at no greater expense to the Government than is now incurred in connection with the distilleries operated for only a brief period during the year in the production of fruit spirits for fortification purposes only.

Yours most respectfully,

CALIFORNIA VINEYARDISTS ASSOCIATION,
By MARION DE VRIES, *Attorney.*

SUPPLEMENT

BITTERS

[Par. 802]

BRIEF OF J. W. WUPPERMANN ANGOSTURA BITTERS AGENCY (INC.), NEW YORK CITY

J. W. Wuppermann Angostura Bitters Agency (Inc.), sole agent in the United States for Angostura Bitters, begs leave to call the committee's attention to the following facts which, in our opinion, require, as a matter of justice, an amendment to the proposed tariff bill entitled "A bill to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes."

For the purpose of collecting duty thereon, Angostura Bitters is classified under paragraph 802 of the present tariff law, which reads as follows:

"Brandy and other spirits manufactured or distilled from grain or other materials, cordials, liqueurs, arrack, absinthe, kirschwasser, ratafia, and bitters of all kinds (except Angostura Bitters) containing spirits, and compounds and preparations of which distilled spirits are the component material of chief value and not specially provided for, \$5 per proof gallon; Angostura Bitters, \$2.60 per proof gallon."

In the pending bill, paragraph 802 has been changed to read as follows:

"Brandy and other spirits manufactured or distilled from grain or other materials, cordials, liqueurs, arrack, absinthe, kirschwasser, ratafia, and bitters of all kinds containing spirits, and compounds and preparations of which distilled spirits are the component material of chief value and not specially provided for, \$5 per proof gallon."

The duty which Angostura Bitters pays under the present law per case of twelve 18-ounce bottles, is as follows:

1.6875 gallons, at \$2.60.....	\$4.39
1 dozen bottles, 18 pounds, at $-\frac{1}{3}$06
	<hr/>
	8.45

Under the pending bill as passed by the House of Representatives, the duty which this preparation would pay per case of twelve 18-ounce bottles, would be as follows:

1.6875 gallons, at \$5.....	\$8.44
1 dozen bottles, 18 pounds, at $-\frac{1}{3}$06
	<hr/>
	8.50

It is evident that bitters of all kinds containing spirits mentioned in paragraph 802 of the present law are intended to refer to bitters that for any reason can be classified as "distilled spirits," for this paragraph goes on to include "compounds and preparations of which distilled spirits are the component material of chief value," and then it specifically exempts Angostura Bitters, making the duty on that preparation \$2.60 per proof gallon.

This is in accordance with the ruling of the Secretary of the Treasury on this subject, which reads as follows:

JUNE 20, 1924.

WILLIAM M. WILLIAMS, Esq.,
Munsey Building, Washington, D. C.

DEAR SIR: As attorney for the J. W. Wuppermann Angostura Bitters Agency (Inc.), you are advised, in the matter of the protest of your clients against the collection of an internal-revenue tax on imported Angostura Bitters in accordance

with the letter of the Acting Secretary of the Treasury, of July 9, 1923, to the Commissioner of Customs and Excise, Ottawa, Canada, that it has been decided that Angostura Bitters, being unfit for use as a beverage, is not taxable under section 600 (a), of the revenue act of 1918 when imported into the United States, for the reason that the term "distilled spirits," as used in internal revenue taxing statutes, includes only those compounds containing alcohol which are fit for beverage use.

"You are further advised that if, in the future, Angostura Bitters is so compounded that it is fit for beverage use, it will be subject to tax under section 600 (a), of the revenue act of 1918.

Respectfully,

A. W. MELLON,
Secretary of the Treasury.

It is neither proper nor equitable to include Angostura Bitters among distilled spirits. They are not distilled spirits and never have been classed by the Internal Revenue Bureau before the enactment of the national prohibition act, or by the Federal prohibition authorities since that enactment, as a distilled spirit.

The following are the rulings on this subject:

OCTOBER 6, 1915.

MARK EISNER, ESQ.,
Collector Third District, New York City.

SIR: A letter dated the 30th ultimo has been received from the J. W. Wuppermann Angostura Bitters Agency (Inc.), of 1600 Broadway, New York City, inclosing a copy of a letter of even date therewith addressed to you in relation to the sale of Angostura Bitters to the Emerson Drug Co. of Baltimore, for use by them as a flavoring extract in the manufacture of a soft drink.

In regard to this matter you are informed that the position of Mr. Wuppermann would appear to be substantially correct and in conformity with the rulings of this office. Since no special tax is required for the manufacture and sale of Angostura Bitters and no tax under section 2 of the act of October 22, 1914, is imposed, it would appear that it may be sold in any quantity to druggists and others, provided only the sale and use is for bona fide medicinal purposes or purely as a flavoring extract.

A copy of this letter will be sent to Mr. Wuppermann.

Respectfully,

G. E. FLETCHER,
Acting Commissioner.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY, DIVISION OF CUSTOMS,
Washington, February 12, 1918.

Mr. ARTHUR FURBER,
287 Broadway, New York, N. Y.

SIR: The department duly received your letters of the 5th and 24th ultimo further in regard to whether the importation of Angostura Bitters is prohibited by section 15 of the act of August 10, 1917, and 301 of the act of October 3, 1917.

It appears that the said bitters have been held to possess medicinal properties and are not considered a beverage. The merchandise would, therefore, be entitled to entry into the United States, under the provisions of the Treasury Decision 37482 as an article against which the prohibition contained in the acts above mentioned does not operate.

Respectfully,

F. M. HALSTEAD,
Chief, Division of Customs.

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, November 12, 1914.

J. W. WUPPERMANN, ESQ.
Mecca Building, New York, N. Y.

SIR: Replying to your letter of the 5th instant, you are informed that it would appear Angostura Bitters which are not used as a beverage but only for flavoring purposes, would not be taxable under the act approved October 22, 1914, as an liquor or cordial. If, however, such bitters were used as a beverage, it would

appear that same might be subject to a tax as a compound similar to a cordial under the act named.

A copy of this letter will be supplied Collector of Internal Revenue Charles W. Anderson, of the second district, New York, N. Y.

Respectfully,

G. E. FLETCHER,
Acting Commissioner.

TREASURY DEPARTMENT,
BUREAU OF INTERNAL REVENUE,
Washington, D. C. December 17, 1919.

J. W. WUPPERMANN ANGSTURA BITTERS AGENCY (INC.),
New York City.

GENTLEMEN: You are informed that after careful consideration of the facts at hand it has been decided to class Angostura Bitters, as imported by you, as unfit for beverage purposes.

If, in the future, it should develop that the preparation is sold and used for beverage purposes, this decision will be reversed.

Respectfully,

JOHN F. KRAMER, *Commissioner.*

Angostura Bitters has been considered by the medical profession as an article of high medicinal value, in proof of which we submit the following affidavits:

STATE OF NEW YORK,
County of New York, ss:

Dr. Edward H. Rogers, being duly sworn, deposes and says:

That he is 54 years of age and resides at 117 West Seventy-ninth Street, New York City.

That he graduated as a doctor of medicine from the College of Physicians and Surgeons of New York City in 1892, and is at present engaged in the practice of medicine in the city of New York.

That he is a member of the New York State Medical Society, New York County Medical Society, American Medical Association, and the St. Luke's Hospital Alumni Association.

That he is a medical director of the Knickerbocker Hospital, New York City.

That he is familiar with Angostura Bitters manufactured by Angostura Bitters (Dr. J. G. B. Siegert & Sons (Ltd.)) and that he considers it a valuable tonic.

That it contains aromatic ingredients having high therapeutic value. It is not a fit or suitable beverage.

That the alcohol in this preparation is necessary to hold the ingredients in solution.

That if this article were used as a beverage the habitual introduction of the aromatic and bitter ingredients would result in serious disturbances to the digestive apparatus, overactivity of the secretions of the stomach, hyperchlorhydria, congestion, thickening of the walls of the stomach, and irritated condition of the entire digestive tract, particularly in the bladder and kidneys.

EDWARD H. ROGERS.

Sworn to before me this 13th day of April, 1921.

C. O. HERFURTH,
Commissioner of Deeds, City of New York.

STATE OF NEW YORK,
County of New York, ss:

Dr. Carl Theobald, being duly sworn, deposes and says that he is 51 years of age and over and that he resides at 115 East Ninety-first Street, borough of Manhattan, city of New York.

That he is a graduate of New York College of Physicians and Surgeons in the class of '94; that he is a member of the American Medical Association, the Academy of Medicine, and the Lenox Hill Hospital Alumni Association, and member of the New York State Medical Society and New York County Medical Society.

He further states:

That he is acquainted with Doctor Siegert's Angostura Bitters and has used it in stubborn cases of anorexia when the patient, after a sickness, finds it difficult

to develop an appetite, and that these bitters will not only stimulate the appetite but also start the peptic and hepatic glands to work, thus insuring the digestion of the food.

That it is a valuable medicine in such cases, inasmuch as it never disturbs even the weakest stomach.

That it may also be taken in cases of acute nausea caused by excessive eating or drinking and as a corrective of alcoholic excesses.

Sworn to before me this 21st day of April, 1921.

Dr. CARL THEOBALD.

MARION PICKER,
Commissioner of Deeds.

STATE OF NEW YORK,
County of New York, ss:

Dr. George L. La Porte, being duly sworn, deposes and says that he is 47 years of age and over and resides at 129 East Ninety-first Street, borough of Manhattan, city of New York.

That he is a graduate of the New York College of Physicians and Surgeons; is a member of the Academy of Medicine, the Lenox Hill Hospital Alumni Association, and a visiting physician of the Montefiore Home, and associate professor of Clinical Medicine College Physicians and Surgeons, New York City.

That he is familiar with the aromatic bitter preparation known as Angostura Bitters and that he has used this compound to advantage for persons in delicate health suffering from impoverished blood and loss of appetite, insomnia, and diarrhea arising from sluggishness of the intestinal tract.

That he has found it valuable in hastening recovery during convalescence after a period of long illness.

That the combination of these aromatics and bitters assist nature in building up the system by increasing the appetite, promoting the digestion and assimilation of food, and thereby enriching the blood.

GEORGE L. LAPORTE, M. D.

Sworn to before me this 21st day of April, 1921.

M. BERTRAM PICKER,
Notary Public, N. Y.

Angostura Bitters under the present rate of duty do not compete in price with any domestic bitters. They are by far the most expensive bitters sold in this market, the price being \$1.25 for an 8-ounce bottle. They do not enter into competition with any domestic medicines and there is no domestic industry which would be in any way protected by placing a higher tariff on these bitters. Consequently there is no reason from a practical standpoint why the consumer should be forced to pay more than \$3 for an 18-ounce bottle. The result of this proposed tariff would be placing a valuable medicinal preparation out of the reach of the average man of ordinary means without in any way benefiting any domestic manufacturer.

The revenue act of 1925 provided for a reduction of \$1.10 per gallon on alcohol, so that this tax now stands at \$1.10 per gallon. In view of the fact that Angostura Bitters under the present duty can not compete in price with any domestic medicine of a similar nature, your committee will not, we are sure, approve of the proposal in the present bill, after Congress has granted the domestic manufacturers of medicinal bitters, on the one hand, a reduction of 50 per cent, or \$1.10 per gallon, to levy on the other hand an increased duty of nearly 100 per cent of \$2.40 per gallon, on Angostura Bitters.

In conclusion, the undersigned wishes to suggest that paragraph 802 of the present law be permitted to remain as it is—that is to say:

“Brandy and other spirits manufactured or distilled from grain or other materials, cordials, liqueurs, arrack, absinthe, kirschwasser, tarafia, and bitters of all kinds (except Angostura Bitters) containing spirits, and compounds and preparations of which distilled spirits are the component material of chief value and not specially provided for, \$5 per proof gallon; Angostura Bitters, \$2.60 per proof gallon.”

Or that a special paragraph be inserted in the pending bill either as an addition to paragraph 802 or as a special paragraph and distinct, as follows:

“Bitters containing alcohol that have been classified by the prohibition commissioner as unfit for beverage purposes, \$2.60 per proof gallon.”

Respectfully submitted.

GIBBONEY, JOHNSTON & FLYNN,
Attorneys.

CITRUS FRUIT JUICES FOR BEVERAGE PURPOSES

[Par. 806]

BRIEF OF THE CALIFORNIA CITRUS LEAGUE

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.:

Act of 1922.—PAR. 806. * * * all other fruit juices and fruit sirups, not specially provided for, containing less than one-half of 1 per centum of alcohol, 70 cents per gallon; * * *

PAR. 1610. Lemon juice, lime juice, and sour orange juice, all the foregoing containing not more than 2 per centum of alcohol. (Free.)

H. R. 2667.—PAR. 806. * * * and all other fruit juices and fruit sirups, not specially provided for, containing less than one-half of 1 per centum of alcohol, 70 cents per gallon; * * *

PAR. 1610. Eliminated from free list and beverage juices automatically transferred to paragraph 806.

Change requested.—PAR. 806. Add: Concentrated juice of lemons, limes, oranges, or other citrus fruits, fit for beverage purposes, whether in liquid, solid, or powder form, 35 cents per pound: *Provided*, That in the foregoing no allowance shall be made for sugar or other substances contained therein.

Alternative proposal.—PAR. 806. Add: On concentrated juice of lemons, limes, oranges, or other citrus fruits, fit for beverage purposes, whether in liquid, powdered, or solid form, duty shall be charged at the rate of 70 cents per gallon on the quantity or equivalent of fresh fruit juice into which such concentrated juice can be converted as shown by chemical analysis.

The elimination of paragraph 1610 of the 1922 act from the free list in H. R. 2667 has the effect of placing a duty of 70 cents per gallon on citrus fruit juices of all kinds, for beverage purposes. This rate does not, however, give adequate protection on concentrated juices on which a rate of 35 cents per pound was requested when imported for beverage purposes.

It is a usual procedure to concentrate citrus fruit juices in a ratio of 6 to 1 in order to save transportation and packaging charges. The citrus fruit juices have been coming into this country under the free list without the payment of duty and it is our desire to point out the inequality which would exist in the assessment of duties if no distinction is made in the rate as between the concentrated juices and the juices of natural strength. The effect of the rate in the present bill, 70 cents per gallon, on concentrated juices, would be that they would be reduced in bulk to one-sixth of their former volume by the reduction of the water contained and then after importation the juices could be diluted to their natural consistency and the duty paid would be equivalent only to one-sixth of the duty collected on the juices of natural strength. A 6 to 1 concentration at 70 cents per gallon would then be equivalent only to about 12 cents per gallon when the juices are imported in concentrated form and the water is added after importation.

A SITUATION SIMILAR TO JUICES FOR MANUFACTURING PURPOSES

Under the old tariff act a similar situation existed in juices for manufacturing which was remedied in the present tariff bill by making provision for a duty of 5 cents per pound on the juice of lemons, limes, oranges, or other citrus fruits unfit for beverage purposes (par. 49). These juices are valuable for their citric acid content and are used in the preparation of citrate of lime, dutiable at 7 cents per pound, and citric acid on which a duty of 18 cents per pound is provided in the bill. The rate of 5 cents per pound on such juices unfit for beverage purposes was requested in order to provide the same measure of protection extended to the citrus-fruit industry on the items of citrate of lime and citric acid. Unless a similar protection is provided on concentrated citrus juices fit for use in beverages it will be possible to avoid the payment of the full duty intended to be provided on citrus-fruit juices for beverage purposes. It is, therefore, requested that special provision be made for concentrated juices by an addition to paragraph 806 of the House bill.

AMENDMENTS PROPOSED

Alternative suggestions are submitted, the first having been the original proposal and the second being submitted in response to questions asked at the hearing before the subcommittee on June 15.

As stated above, it is the usual practice to concentrate citrus juices in a ratio of 6 to 1. Once the concentrating process is begun, it is not likely to be stopped short of a concentration of the degree stated. Therefore, the following suggestion is made in the belief that in actual practice all concentrating processes which may be used will result in a concentration of one-sixth by volume of the fresh or raw juice. One gallon of raw juice will produce a concentrate of this character, which will weigh approximately 2 pounds and the duty at 70 cents per gallon on this fresh juice is thus equivalent to a duty of 35 cents per pound on the concentrated juice. Therefore, it is suggested that there be added to paragraph 806 the following provision:

"Concentrated juice of lemons, limes, oranges, or other citrus fruits, fit for beverage purposes, whether in liquid, solid, or powdered form, 35 cents per pound: *Provided*, That in the foregoing no allowance shall be made for sugar or other substances contained therein."

At the hearing before the subcommittee it was suggested that juices might be concentrated for imports to a less degree than 6 to 1 ratio. If that were done it would not be fair to assess upon such lower strength concentration the same rate of duty as assessed upon juices concentrated to one-sixth of the volume of raw juice.

It is our belief that juices of lesser degree of concentration would not be offered for import. But if it is believed that such juices might come in, we suggest that the provision added to paragraph 806 provide for a graduated rate by requiring the assessment upon such concentrated juices of a duty equivalent to that which would be assessed on the natural juice. Such a provision is contained in the Australian tariff applicable to lime juice and other fruit juices and sirup, according to information furnished by the Department of Commerce, Foreign Tariff Division. We therefore suggest as an alternative the addition to paragraph 806 of the following provision:

"On concentrated juice of lemons, limes, oranges, or other citrus fruits, fit for beverage purposes, whether in liquid, powdered or solid form, duty shall be charged at the rate of 70 cents per gallon on the quantity or equivalent of fresh fruit juice into which such concentrated juice can be converted as shown by chemical analysis."

IMPORTANCE OF ADEQUATE DUTY ON CONCENTRATED JUICE

The item of orange, lemon, and grapefruit juice for beverage purposes is becoming an increasingly important one related to the consumption of citrus fruits. There has been built up in this country, in California, Florida, Texas, Louisiana, and Arizona, a citrus fruit industry which is now producing a quantity of oranges, grapefruit, and lemons sufficient to supply the entire United States demand. This important industry has a total investment of \$1,000,000,000 and is employing in California alone 45,000 people.

Congress has granted tariffs which protect these industries from the cheap labor of foreign countries. But a new menace is threatening these industries in the importation from foreign citrus-producing countries of fresh juices and concentrated juices which enter into active competition with the fresh fruit produced from these industries and with the juices manufactured by these industries as by-products. These juices brought in have the effect of avoiding the duties on fresh fruit and threaten to make the most serious competition. It is, therefore, of the utmost importance to the citrus industry and to the by-products divisions of the industry that no loopholes be left in the protective duty on imported juices. To close the gap which exists in the provisions of the House bill relative to citrus fruit juices, paragraph 806 should be amended so as to provide for proportionately higher duties on the concentrated juice.

Respectfully submitted.

C. C. TEAGUE, *Santa Paula.*
E. M. LYON, *Redlands.*
E. G. DEZELL, *Los Angeles.*
E. T. CASSEL, *Ontario.*
R. H. WILKINSON, *Los Angeles.*
F. O. WALLSCHLAGER, *Los Angeles.*

(Representing the California Citrus League.)

BRIEF OF JAMES P. SMITH & CO., NEW YORK CITY**(Edible lime juice)***To the Finance Committee of the United States Senate:*

It is respectfully requested that edible lime juice remain in the free list.

The descriptive term "lime juice" has been associated with lemon and sour orange juice in all tariff acts, the complete expression having been "lemon, lime, and sour orange juice."

In all the testimony submitted to your committee which has come to our attention, no reason has been expressed to show cause for removing edible lime juice from the free list other than the implied reason, as in the case of bananas, that if edible lime juice is priced too high more oranges and other fruits of United States production will be consumed.

The importation of edible lime juice does not interfere with any United States producer, grower, or manufacturer; limes being strictly a tropical fruit and its cost being too high for manufacturing into citric acid.

Edible lime juice is used for beverage purposes and in the manufacture of soft drinks and confectionery.

All dry ginger ale is made dry with either edible lime juice or edible lime oil, which was left in the free list in the House bill.

A tariff on lemon, sour orange, and unedible lime juice is apparently justifiable consequently we respectfully request that edible lime juice be specially mentioned in the new tariff as being free from duty.

JAMES P. SMITH & Co.,
By **JAMES P. SMITH.**

I, the undersigned, herewith declare that the above is a true statement, to the best of my knowledge and belief.

JAMES P. SMITH,
Member of Firm

Declared before me at New York, N. Y., this 13th day of July, 1929.

JOHN JONKE, Jr.,
Notary Public

My commission expires March 30, 1931.

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