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67044—29

# TARIFF ACT OF 1929

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## 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

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### VOLUME X

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#### SCHEDULE 10

#### FLAX, HEMP, JUTE, AND MANUFACTURES OF

JUNE 19, 20, and 21, 1929

(With Supplement)

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I N D E X E D

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Printed for the use of the Committee on Finance



UNITED STATES  
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WASHINGTON : 1929

## COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

REED SMOOT, Utah, *Chairman*

|                                   |  |
|-----------------------------------|--|
| JAMES E. WATSON, Indiana.         | FURNIFOLD McL. SIMMONS, North Carolina |
| DAVID A. REED, Pennsylvania.      | PAT HARRISON, Mississippi.             |
| SAMUEL M. SHORTRIDGE, California. | WILLIAM H. KING, Utah.                 |
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| HIRAM BINGHAM, Connecticut.       |  |
| FREDERIC M. SACKETT, Kentucky.    |  |

ISAAC M. STEWART, *Clerk*

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### SUBCOMMITTEE OF THE COMMITTEE ON FINANCE SCHEDULE 10—FLAX, HEMP, JUTE, AND MANUFACTURES OF

FRANK L. GREENE, Vermont, *Chairman*

|                                |   |
|--------------------------------|---|
| HIRAM BINGHAM, Connecticut.    | FURNIFOLD McL. SIMMONS, North Carolina. |
| FREDERIC M. SACKETT, Kentucky. | WALTER F. GEORGE, Georgia.              |

## FOREWORD

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

### *Dates of hearings and tariff subcommittees*

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

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

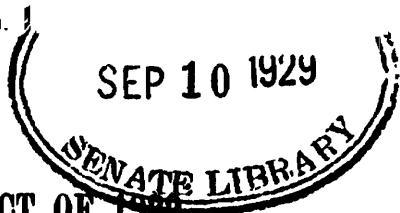
Stenographic reports were taken of all testimony presented to the committee. By direction of the committee all witnesses who appeared after the conclusion of the hearings on valuation were to be sworn.

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

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

ISAAC M. STEWART, *Clerk.*





TARIFF ACT OF 1929

SCHEDULE 10—FLAX, HEMP, JUTE,  
AND MANUFACTURES OF

WEDNESDAY, JUNE 19, 1929

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

The subcommittee met, pursuant to adjournment on yesterday, at 9.30 o'clock a. m., in room 303, Senate Office Building, Senator Frank L. Greene presiding.

Present: Senators Greene (chairman), Bingham, Sackett, Simmons, and George.

Senator GREENE. The subcommittee will please come to order. I wish to call attention to the action of the Senate in directing that witnesses in these tariff hearings be sworn.

It is the intention of the committee to give principal consideration to the problems of agriculture, but it will also give attention to industries in which conditions have changed since the time of the writing of the 1922 tariff act or where there is unemployment or hardship which may properly be relieved.

GENERAL STATEMENTS

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

(The witness was duly sworn by Senator Greene.)

Mr. GRAY. Mr. Chairman and members of the committee. I do not think it serves any useful purpose to appear before your committee and consume a great deal of time on the three commodities which are contained in schedule 10 of the House bill, when it is known that the American Farm Bureau Federation testified in regard to those three commodities on the House side, and our testimony in full is in the House record.

I simply appear this morning to reiterate the position which we took on the House side, from which we have not surrendered in regard to flax, hemp, and jute, which are the three commodities which are of concern to your committee this morning and throughout the week.

Senator SIMMONS. Now, Mr. Chairman, the witness tells us that he is going to repeat simply the House committee testimony. Is there any necessity of his doing that? The testimony is printed.

Senator GEORGE. He did not say that.

Senator SIMMONS. Oh, you are going to say something in addition?

Mr. GRAY. In addition. I sought to make myself clear, Senator.

Senator SIMMONS. I may not have understood you.

Mr. GRAY. I sought to make myself clear in saying that I am not going to repeat any testimony given on the House side.

Senator SIMMONS. I beg your pardon. I thought you said it was a repetition of what you said on the House side.

Mr. GRAY. No; it would be useless to repeat.

Senator SIMMONS. I think so.

Mr. GRAY. I am appearing very largely then to summarize our position, and I can do it in 5 or 10 minutes easily.

We are interested in flax, which is included in Schedule 10, because at one time flax in America was an important agricultural product. It has disappeared, not wholly, but quite largely, and the disappearance of it is attributable to foreign competition to a large extent.

Senator GEORGE. Where was it principally grown?

Mr. GRAY. It was formerly grown in Michigan, Wisconsin, all of New England, Minnesota, Oregon, part of Idaho, and Western Washington; and now we have flax—in a recent year, I think it was 1927—our records show that there were 2,200 acres planted to fiber flax in Oregon and about 1,000 acres in Michigan, those being the two States which have a residue of a flax industry left.

Now I do not mean to state that foreign competition is the only thing that has made the flax industry disintegrate; but I do mean to state that the growing of flax never can be rebuilt unless the rate of duty is made more adequate than it was in the act of 1922, and than it was in former acts prior to 1922.

Senator SIMMONS. You said it once amounted to a considerable item in the agricultural products of the country. When was that? Designate it, when it was cultivated to a more extensive extent than any other particular time?

Mr. GRAY. Up to the point terminating about 20 years ago, Senator.

Senator SIMMONS. And was there any duty upon it at that time?

Mr. GRAY. No; as my recollection goes there was not any particular duty on it at that time, but we had a virgin soil at that time, and we did not have the foreign competition that we have at the present time, so that when conditions in this country got less advantageous and competition from abroad got more disadvantageous it throttled the maintenance, even, of a flax industry.

Senator SIMMONS. When did you first get a protective rate against foreign flax?

Mr. GRAY. Subject to correction, and speaking from memory, I think it was in the act of 1922.

Senator SIMMONS. 1922?

Mr. GRAY. It might have been the emergency act of 1921, but I am speaking from memory in those regards. It is only of recent years that flax has had any protection whatsoever, and even now it is inadequate.

Senator SIMMONS. What was the state of the industry at the time you got your first tariff duty?

Mr. GRAY. About the same as it is now.

Senator SIMMONS. About the same?

Mr. GRAY. Yes, sir.

Senator SIMMONS. It has not grown as a result of the duties given you?

Mr. GRAY. Not materially, no, sir.

Senator SIMMONS. And your position is that it was because it was inadequate?

Mr. GRAY. That is our thought. But passing that by, there is another industry in the United States—

Senator SIMMONS. Just another question on that.

Mr. GRAY. Pardon me.

Senator SIMMONS. At the time this duty was imposed, had imports begun to a very large extent?

Mr. GRAY. Prior to that time?

Senator SIMMONS. Prior to that time.

Mr. GRAY. Yes, sir. The competition against American flax had commenced.

Senator SIMMONS. When did that competition begin?

Mr. GRAY. Very severely, as I indicated a moment ago, 20 years, or more, ago.

Senator SIMMONS. Is the fact that they did not begin to compete with you until a certain date, is that because of the fact that they did not begin to produce it abroad until that date?

Mr. GRAY. No; the reason was this, Senator Simmons: We, on account of our lower cost of production, our virgin soil, up to 20 years ago, could meet foreign competition, and we can not do it now.

Senator SIMMONS. You think the reason is that the American soil is not so productive, and the wages are higher?

Mr. GRAY. Those are two factors undoubtedly, and the taxes have increased—

Senator SIMMONS. How much higher are the wages now than they were at the time of the 1922 act?

Mr. GRAY. The scale of wages—

Senator SIMMONS. Yes; the scale of wages.

Mr. GRAY. The farming scale—

Senator SIMMONS. I am not talking of the farm scale.

Mr. GRAY. Pardon me.

Senator SIMMONS. You said the soil is not so productive and the wages have increased.

Mr. GRAY. Yes, sir.

Senator SIMMONS. Now I am asking you, are the wages higher now than they were in 1922?

Mr. GRAY. In the production of flax?

Senator SIMMONS. Yes.

Mr. GRAY. Yes; they are.

Senator SIMMONS. Higher than they were during the war?

Mr. GRAY. No; there was a period right in the war era when wages were higher than subsequently; but as a general thing the item of farm labor now is higher than it was 10 years ago.

Senator SIMMONS. You mean higher than it was before the war?

Mr. GRAY. Higher than it was before the war, yes, when this competition began to be felt most keenly relative to flax. Speaking of my own farm in Missouri of 400 acres, which I own and operate, 100 miles from Kansas City, which I have to operate exclusively by hired labor, because I am only on it a few weeks in a year—and while I am operating it with hired labor, and it does not cut much figure, being only one in two million farms—my labor is 25 per cent higher per month or per year than it was 10 or 15 years ago. I would not



mean to say, now, that a 25 per cent increase is a mean average of labor increase over the United States; but I do mean to state that the labor average on the American farm now is higher than it was prior to the world war.

Senator SACKETT. Where is the competition coming from?

Mr. GRAY. On flax?

Senator SACKETT. On flax.

Mr. GRAY. Various European countries, one of the prominent ones being Ireland. We all know of the fame of Ireland as a producer of fine linens.

Senator SACKETT. Is it produced in Russia or Czechoslovakia?

Mr. GRAY. To some extent.

Senator SACKETT. Very materially?

Mr. GRAY. No; those countries are not formidable competitors to the building up of this industry.

Senator SACKETT. It is practically Ireland?

Mr. GRAY. It is practically Ireland.

Senator SIMMONS. Has there been any increase in wages in Ireland?

Mr. GRAY. A little, very slight.

Senator SACKETT. What is the total amount of flax imported into this country?

Mr. GRAY. I can not answer you offhand, Senator Sackett, but it is in the House record. It is practically our whole consumption. I can not answer it without looking it up, and it is hardly worth while doing that now, unless you want to wait until I get it.

Senator SACKETT. No; we will get it from your brief.

Senator SIMMONS. I am interested in knowing how much flax is produced in this country.

Mr. GRAY. Just a little; about that portion which comes from 3,000 or 3,500 acres. I confess it is an infant industry, if I may use a tariff expression; and we are trying to build up an infant industry.

Senator SIMMONS. And instead of building it up, you say it has been growing weaker all the time?

Mr. GRAY. That is true, even since the act of 1922.

Senator SIMMONS. What is your estimate of the amount of duty required to build up that industry?

Mr. GRAY. On flax straw it should be \$4 a ton; on flax, not hackled, it should be 5 cents per pound, but not less than 35 per cent ad valorem.

Senator SIMMONS. Five cents a pound?

Mr. GRAY. Five cents a pound.

Senator SIMMONS. That is—

Mr. GRAY. No; you are probably thinking of hackled. Some of the fiber and some of the weightier part is taken out. On flax, hackled, 10 cents per pound, but not less than 35 per cent ad valorem; flax tow, flax noil, grin vegetal, or palm leaf fiber, twisted or not twisted, 4 cents a pound but not less than 35 per cent ad valorem; silver and roving of flax, hemp, ramie, or other vegetable fiber, not specially provided for, 35 per cent ad valorem.

Those rates are all in our House record. They are in keeping with the actual cost of production, as we have computed those costs here and abroad.

Senator SACKETT. Then, in general, it would be about 100 per cent increase?

**Mr. GRAY.** It would be about 100 per cent increase on an average, what we are asking.

**Senator SIMMONS.** 100 per cent?

**Mr. GRAY.** Yes; over the act of 1922.

**Senator SIMMONS.** That goes all down the line?

**Mr. GRAY.** From flax straight down, flax tow, and flax noils.

**Senator SACKETT.** To what extent do you think that kind of a duty would increase the production of American flax?

**Mr. GRAY.** To the extent that the producer would have his price equivalent to the foreigner, and the mills, on account of this differential, would buy American flax, rather than the foreign product; the mills would not find it so extra profitable to go abroad to get the material, instead of getting it at home.

**Senator SACKETT.** You have got about 3,000 acres in flax now? What would become of the acreage in flax if we got to that ideal state?

**Mr. GRAY.** I would hardly dare estimate.

**Senator SACKETT.** Would it be 100,000 or 200,000 acres?

**Mr. GRAY.** It would be a possible 100,000 acres, but it is a guess on anybody's part.

**Senator SIMMONS.** If the acreage did not increase, then the American consumer would be paying a very heavy addition to what they could otherwise buy it for, in order to protect those 3,000 acres?

**Mr. GRAY.** I presume that proposition is correct.

**Senator SIMMONS.** That would be a pretty raw proposition on the American consumer.

**Mr. GRAY.** If we should grant that the acreage in America would not increase, it would be a rather disadvantageous thing to do, that which I am asking; but I think the acreage would increase under that kind of equalization of cost.

**Senator SIMMONS.** The American people would have to spend a vast sum of money for the purpose of protecting 3,000 acres.

**Mr. GRAY.** It is not for the purpose merely of protecting the 3,000 acres, Senator.

**Senator SIMMONS.** I say, if the future should be like the past, and instead of increasing it should remain static, the American people would have to pay a very large premium.

**Mr. GRAY.** That would be true, granting your premise is correct.

**Senator SACKETT.** You have seen Senator Ransdell's bill, have you, on jute?

**Mr. GRAY.** Yes; I have seen it.

**Senator SACKETT.** Are you interested in that?

**Mr. GRAY.** Yes; that is the third thing the Federation is interested in here. And the hemp; I will say the hemp is practically on an equality with the flax industry; what I have said with reference to flax is almost equally applicable to hemp. We need not go into that, unless you desire it, here this morning. That is an infant industry. It is, in other words, a decadent industry. We are trying to save the production of hemp from going any lower than it is at the present time, and it is very low at the present time. In 1889 we had an acreage in the United States of about 25,000, which produced about 25,000,000 pounds of hemp. In 1919, which happens to be the last year that I have this thing summarized for, we had only 7,000 acres, approximately, with a production of approximately 7,000,000 pounds. And this happened, according to the belief of the membership of the

American Farm Bureau Federation which resides in the States where hemp production is possible, due to the fact, largely, that the costs of production in America by tariff protection have not equalized the costs abroad.

Senator SACKETT. Let me ask you this: Is it true that there is no question about the ability to produce hemp in this country?

Mr. GRAY. No; from the soil, from the cultural practices of the farmer, and the machinery there is no question. It is a question only of profit.

Senator SACKETT. The difficulty is not quite the same as flax?

Mr. GRAY. Not in the way of culture.

Senator SACKETT. Not in the way of culture?

Mr. GRAY. No, sir.

Senator SACKETT. You can produce hemp?

Mr. GRAY. Yes, sir.

Senator SACKETT. And you say it has reduced?

Mr. GRAY. From 25,000 acres, approximately, to 7,000 acres.

Senator SACKETT. But you have not got it later than 1919?

Mr. GRAY. I can get it later, if it is desired. I can say this from actual knowledge, that it has not increased any since 1919.

Senator SACKETT. In fact, it has reduced, has it not?

Mr. GRAY. I would estimate it so, yes, sir.

Senator SIMMONS. Could you give us a specimen of the importations of flax?

Mr. GRAY. If you will let me look at our house record so that I would not have to speak from memory, I would give it to you.

Senator SIMMONS. You may look at it.

Mr. GRAY. I will incorporate it, or do you want it right now?

Senator SIMMONS. I would like to have it while my mind is somewhat on that point.

Senator GEORGE. The tariff schedule gives the imports of flax at 5,550 tons for 1928, valued at \$3,863,724. That is for 1928. And then hemp is given as 1,690 tons, with a value of \$1,678,000. Those are imports. Now, of course, there are flax and hemp yarns, flax and hemp thread, and so forth.

Senator SIMMONS. Pardon me. You said a value of \$3,000,000?

Senator GEORGE. \$3,863,724.

Senator SIMMONS. Now if we give you 100 per cent increase in duty, the American consumer would have to pay, instead of \$3,000,000 for that flax, he would have to pay about \$6,000,000, would he not, provided you did not produce any more?

Mr. GRAY. And provided, the retail price reflects it.

Senator SIMMONS. You have to pay that, do you not, to get in?

Mr. GRAY. Yes, sir.

Senator SIMMONS. The American consumer has to pay that much more.

Mr. GRAY. The American importer has to pay that much to get it in, undoubtedly.

Senator SIMMONS. Now, the American consumer would be burdened, instead of \$3,000,000, he would be burdened annually with \$6,000,000 for the importation, providing, of course, you did not increase the supply.

Mr. GRAY. Yes, sir. But it is our belief that this kind of a rate that I am advocating for the American Farm Bureau Federation

would promote a larger productivity of it in this country, so that all those importations would not have to come in.

Now, answering your question, that Senator George has already answered for me, and noticing our house record for 1927, which was the last year I had it for, we had 4,600 tons, approximately, coming in that year, which is slightly less than in 1928, the figure you have quoted.

Senator GEORGE. 5,550 tons.

Senator SIMMONS. Do you estimate, if we give you this additional duty, that the amount of production would increase at once and increase rapidly?

Mr. GRAY. No; it would be a 10-year process, Senator, to build up either the hemp or flax industry. I want to be frank about that.

SENATOR SACKETT. What is the competition with the hemp?

Mr. GRAY. The Central American countries.

Senator SACKETT. What material?

Mr. GRAY. Sisal, cordage proposition.

Senator SACKETT. Is that on the free list?

Mr. GRAY. Sisal is on the free list.

Senator SACKETT. Is the object of that in order to make binder twine cheaper?

Mr. GRAY. I suppose so.

Senator SACKETT. Then would you ask a duty on that when it comes time—

Mr. GRAY. I presume I should, although it is not the policy of the American Farm Bureau Federation to, what I might call transgress over to the industrial side of the tariff controversy. My instructions, that is, the resolutions of the American Farm Bureau Federation confine themselves almost wholly to higher duties on farm crops, and very rarely say anything about the industrial part of the tariff.

Senator SACKETT. Mr. Gray, I want to have this plain—and I am not finding any fault—but if we increase the rate on hemp you are not going to increase the crop materially in this country, because the competition is not with hemp but with sisal; is that not the fact?

Mr. GRAY. And other materials which make rope and twine.

Senator SACKETT. And in order to do any good and add this 25,000 acres, or even more, to the production of hemp in this country, you have got not only to increase the duties in this schedule on hemp, but you have got to increase the duties on the schedules of substitutes for the making of these materials; is that not a fact?

Mr. GRAY. You have stated the situation very accurately, Senator. Applying it to another commodity, for instance, corn, just as a matter of comparison—

Senator SACKETT. Yes.

Mr. GRAY. There is very little good in putting a duty on corn as the House has, of 25 cents a bushel, and then let tapioca, sago, and those things come in free of duty from the British East Indies. We tried to coordinate this whole tariff matter, so that we will not stand before one committee on one day and advocate one thing, and then stand before another committee and controvert it.

Senator SACKETT. Then do I understand when it comes time that you will advocate a duty on tapioca, and other starch products, to protect corn?

Mr. GRAY. I will do so, and have already done so on the House side.

Senator SACKETT. Then as a corollary, if you advocate a duty on hemp you will have to advocate one on sisal.

Mr. GRAY. I presume so.

Senator SACKETT. For the protection of the farming industry of America.

Mr. GRAY. In that regard, being fair and frank with the committee, some people—perhaps not our own members of the Farm Bureau, but some people say that the farm organizations are helping the industrialists in getting more tariff.

Senator SACKETT. That follows naturally, as a matter of course, under your system of building up the farms.

Mr. GRAY. This is divergent from the argument that I intended to make here, but it has been brought up in the conversation this morning. The farm organizations, speaking only of the American Farm Bureau Federation which I have the honor to represent in legislative matters, believe to a certain extent in the principle of compensatory duties. In other words, on fresh tomatoes we have asked for 3 cents a pound on the House side, and of the various things we wanted that is one of the things we got—3 cents a pound on raw tomatoes. It does not do us a great deal of good to ask for 3 cents a pound on fresh tomatoes unless we also get adequate rates of duty on canned tomatoes, because if tomatoes do not come in raw they will come in canned, and so we have asked for higher duties on canned tomatoes and tomato paste.

Senator SACKETT. One other question to follow up the one that I was asking. If binder twine is made of sisal that comes in to-day, free, and you ask for an increased duty on sisal, would the farm bureaus also then suggest a compensatory duty upon the manufactured product?

Mr. GRAY. No.

Senator SACKETT. In other words, you leave the twine free to be manufactured in the country of origin of the sisal?

Mr. GRAY. That is a controversy that the manufacturers themselves will have to fight out before the proper committee. We are not going to take the agricultural side and the industrial side both.

Senator SACKETT. I just wanted to see how far you felt you were at liberty to go.

Mr. GRAY. There is a point where we have to stop; and that point is merely at the compensatory duty which will keep the commodity from coming in in manufactured form, whereas we are seeking to keep it from coming in in a raw form.

Senator BINGHAM. You do believe in the compensatory duty as being fair?

Mr. GRAY. Yes. I state that fairly and openly.

Senator BINGHAM. Then I do not quite understand why it is you replied to Senator Sackett's question in such a way as to lead us to believe that you are opposed to a compensatory duty in this case so as to drive out of the country the process of manufacture by which this raw product is converted into twine, thereby making it cheaper to manufacture it by foreign labor abroad than to have the raw product manufactured here.

Mr. GRAY. I can not remember just the exact colloquy between myself and Senator Sackett, but I did not intend the answer to leave the impression that it seems you have received, Senator Bingham.

I mean to say that the fight to get a duty on the manufactured product of sisal, say, is the fight of the factory man, the factory owner, and it is not our fight.

Senator BINGHAM. You have no objection to his getting a compensatory duty?

Mr. GRAY. We stand for the principle of a compensatory duty, but we are not going to go out of our way in helping the industrialist get that compensatory duty.

Senator SACKETT. No; but it would stand to reason that either the business would go out of the country or it would have to have a compensatory duty.

Mr. GRAY. Yes, I presume that is true, judging from the past record.

Senator SACKETT. And the whole object is to increase the acreage of the hemp?

Mr. GRAY. Yes.

Senator BINGHAM. I was sure you did not want to go on record as appearing to oppose a compensatory duty. If you have a duty on the raw product, you are perfectly willing that there should be a compensatory duty placed on the manufactured product?

Mr. GRAY. A situation has come up, following that line of procedure a little bit further and speaking of a very small agricultural commodity—chicory—which is grown only in one county in Michigan, commercially, in the United States—

Senator BINGHAM. Is that where all the coffee comes from?

Mr. GRAY. It is a flavor for coffee; it is not coffee. It is a flavor for coffee and for other uses as well. The duty on raw chicory, as it now stands in the act, is inadequate, because chicory is coming into the port of New Orleans right now in great quantities—that is, great for a small commodity. We are advocating not only a higher duty on the raw root that is coming in, but we are advocating a compensatory duty on the chicory processed or prepared in any manner, because if it can not come in in the raw root it will simply come in manufactured and compete with the American grower in Michigan the same as it now comes in in the raw root.

Senator SACKETT. Just as with tomatoes.

Senator BINGHAM. When you say a flavor for coffee, you do not mean to say that coffee is flavored with it, do you? Do you not mean that some coffee substitutes are flavored with it?

Mr. GRAY. That may be so; but one of the great uses of chicory is to flavor coffee.

Senator SACKETT. Some people like it better with chicory in it.

Senator GEORGE. It is mixed with coffee to give the coffee a better flavor. Is not that the idea?

Mr. GRAY. Yes.

Senator BINGHAM. That is a new one on me.

Mr. GRAY. You will have to live down South for a while to understand that.

Senator BINGHAM. I was brought up in a coffee country, and we do not like to have it flavored with anything except coffee.

Senator SACKETT. You are a small element. We all like it flavored with chicory.

Mr. GRAY. Coming to the third portion of my brief—and I must not consume any more time than is necessary—I would like to take

up the subject of jute. That is the third portion of our interest in Schedule 10, and the most important portion of the three which we are setting out before you this morning in a summary fashion.

Jute appears in the House bill which lies before you in five different paragraphs—

Senator SIMMONS. You are speaking, now, of raw jute?

Mr. GRAY. In all forms, raw included. Raw jute is included in the free list; jute yarns in paragraph 1003; jute fabrics in paragraph 1008—you need not turn to these paragraphs, because I am not going to give you very much information about them; I am just summarizing it—jute bagging and bags in paragraph 1018; jute coverings, such as are used in packing furniture, and in box cars to prevent friction, and things of those natures, in paragraph 1019.

In other words, there are four paragraphs in Schedule 10 and one paragraph in the free list, Schedule 16, which are applicable to the question of jute.

Senator BINGHAM. Mr. Gray, of course we can not hear any testimony about anything in Schedule 16. Is raw jute in the free list now?

Mr. GRAY. Yes.

Senator BINGHAM. According to the rule laid down by the committee all testimony with regard to any commodity now on the free list will have to be before the full committee and not before any subcommittee thereof.

Mr. GRAY. I am observing that, but I thought I might be permitted to mention it.

Senator BINGHAM. I am glad you called attention to it; but in case there is anyone else present who wants to speak on taking something from the free list and putting it in Schedule 10, they ought to take note of the fact that this subcommittee is not authorized to hear testimony with regard to anything now on the free list.

Mr. GRAY. Certainly. I wish all the subcommittees would hold as severely to the commodities listed for their hearings as you have indicated that this one intends to do.

Senator SACKETT. Is hemp on the free list?

Mr. GRAY. No; there is a duty on hemp in the act of 1922.

Senator SACKETT. That is what I wanted to bring out, that in speaking of hemp you are not speaking with reference to the free list.

Mr. GRAY. Not at all; nor did I speak of the free list when I was speaking of flax, because it is recognized in the act of 1922 as well as in the bill which lies before you.

Senator SIMMONS. I understand this committee has no jurisdiction to take testimony relating to an article on the free list; but if the fact that a raw material is on the free list has some relation to the duty imposed upon the manufactured article you certainly are not prohibited from giving us some information about it for the purpose of applying a duty on the manufactured product.

Senator BINGHAM. Certainly not, Senator.

Mr. GRAY. Our approach to the question of jute, Mr. Chairman and gentlemen of the committee, is not one of promoting the jute industry in the United States. Jute is produced in and exported from British India almost exclusively, so far as our markets are concerned.

Senator BINGHAM. In all the different states, the raw, the treated, and so on?

Mr. GRAY. Yes, sir. It comes to us from British India in the raw state as well as in various manufactured states; and we think that a proper duty on jute will not promote the jute industry in the United States, but it will promote a greater use of a commodity which is displaced by the use of jute and jute fabrics, namely, cotton.

Senator BINGHAM. Now, you are asking for a duty on something which is now free?

Mr. GRAY. No. There are duties now in the bill and in the act on jute yarns, jute fabrics, jute bags, and jute coverings, but the raw commodity, jute butts, comes in duty free, both under the bill and by the act.

Our position is sustained, we think, by the argument on the House side presented by us and many other organizations that adequate duties on jute will promote the use of cotton fabrics in bagging and in wrapping and various commercial uses to which jute is now put, and will thereby give us a prospective market of at least 1,000,000 bales of cotton which is now not secured for the cotton farmer on account of jute competition.

Senator BINGHAM. Is not that argument like that of my friends' who raise apples and want us to put a duty on bananas so that people will stop eating bananas and will eat more apples?

Mr. GRAY. Almost a parallel case, and we have almost the same thing with regard to vegetable oils—coconut and copra and various oils which compete with animal and vegetable oils both in the edible and industrial fields.

Senator BINGHAM. That is entirely a new aspect to a protective tariff, is it not?

Mr. GRAY. No.

Senator BINGHAM. In that you put an embargo on one thing so as to force people to use something else? Not that you protect your home labor against foreign labor, but that you force people to eat apples when they would like to eat bananas.

Mr. GRAY. No; we are not seeking embargoes.

Senator GEORGE. Mr. Gray, it would not follow at all, would it, that because there is a protective tariff on apples people would eat bananas, or the contrary? They might eat something, but they would not necessarily eat apples if they could not get bananas?

Mr. GRAY. That is true.

Senator GEORGE. But in this case you have a competitive article which is supplanting cotton, and if we were to grant the duties you ask, cotton would fill that place in very large measure?

Mr. GRAY. That position is seemingly identical with that which the Farm Bureau holds.

Senator SIMMONS. Do I understand you as advocating a duty on raw jute on the ground that it displaces that much raw cotton?

Mr. GRAY. Yes; and the best estimates we can get, which vary from different sources, are that the development of cotton fabrics where jute fabrics are now used will give an additional market to from a million to a million and a half bales of cotton, which would be equivalent to giving the cotton farmer a nice increase to his annual income beyond that which he gets at the present time.

Senator SIMMONS. That is one of the chief grounds upon which certain interests are demanding a duty upon not only raw jute but an increased duty upon all the products of jute?



Mr. GRAY. Yes, sir.

Senator SACKETT. Who uses the jute bagging? To what use is it put in this country principally?

Mr. GRAY. I may say, almost multitudinous uses, for the making of bags themselves—

Senator SACKETT. Are they grain bags, or what are they?

Mr. GRAY. Grain bags, fertilizer bags, seed bags, and various commodities which are shipped and handled in bags. But, Senator, let me continue. People have gotten the idea, seemingly, that this jute importation is used almost exclusively in bags. Let me, if I can, turn quickly to some figures here that I have showing that in 1927 the importation of jute bags or sacks of jute was approximately 36,000,000 pounds.

That is what the attention of the public has been attracted to—jute in bags. Jute fabrics for multitudinous uses other than bags, for furniture wrappings and backs of carpets and rugs and things of those natures, 567,000,000 pounds came in. In other words, more than ten times as many pounds of jute came in for uses other than bags than came in for bags.

Senator SACKETT. What I wanted to bring out, if you will let me finish that thought, was that the farm communities that you represent here would be affected to a considerable extent by the putting of duties on jute and jute products, would they not?

Mr. GRAY. No.

Senator SACKETT. That is what I wanted to bring out.

Mr. GRAY. You mean, affected financially?

Senator SACKETT. Yes; in other words, if they used jute bags for grain bags and the tariff was put on so that they would have to go to cotton bags?

Mr. GRAY. Yes.

Senator SACKETT. An it would cost more, would it not?

Mr. GRAY. I will answer as I did before—no, with the permission to qualify or explain it as I go further.

Senator SACKETT. Certainly.

Senator BINGHAM. If it did not cost more there would be no point in putting a duty on it, would there?

Mr. GRAY. Yes.

Senator BINGHAM. Of course, it is going to cost more.

Senator SACKETT. But the net result may be different.

Senator BINGHAM. The jute bags are going to cost more so that cotton can compete.

Senator SIMMONS. After the duty is paid.

Mr. GRAY. After the duty is paid, that might be true.

Senator BINGHAM. Of course, they can not buy it without the duty being paid. They have got to buy it with the duty on it. And is it not true that the duty on the jute would cost agriculture in the North and West, in bags for mill feeds, fertilizer bags, bags for wheat, bags for exporting flour, potato bags, bags for alfalfa, bags for barley, beans, beet pulp, for rice and for wool, at least \$35,000,000 more than now?

Mr. GRAY. No.

Senator BINGHAM. How much more would it cost?

Mr. GRAY. I do not know.

Senator BINGHAM. It is actually over \$35,000,000.

Mr. GRAY. My explanation of that situation would be this; that at the beginning and for perhaps the first year, maybe for more than one year, the initial outlay of the farmer for bags, whether he buys his supplies in bags or sells his commodity sacked, might be more; but according to evidence which the Department of Agriculture has practically finished in comparing the wearing qualities of a cotton bag with those of a jute bag, and by testing these two competitive fabrics from three points of view, the breaking test, the weathering test, and the shipping test, two of which tests are practically finished, the weathering test not yet being fully finished, it is being shown that the cotton bag, although we might grant it will cost more at the initial outlay of cash, will last longer and give more service to the farmer or to any industry that ships its products in bags; and therefore at the end of a period of years the outlay for the cotton bagging may not be any more than if they had gone ahead continuing jute. But, in the meantime, in excess of a million bales of cotton will have been used in the commercial purposes that formerly jute had filled.

Senator BINGHAM. How about the rice planter who puts his product in bags? Is he going to get those bags back and use them over three or four times?

Mr. GRAY. I expect not.

Senator BINGHAM. He has got to pay for the extra cost of the bag when he sells his rice, and if he can not get a higher price for his rice he has got to meet that cost, and it is going to cost him about \$7,000,000.

Senator GEORGE. Do we not give the rice grower protection? Is not this supposed to aid the farmer?

Senator BINGHAM. Yes, Senator; but I was just trying to point out, with all due respect that it looks as though what you are doing is actually increasing the cost to the farmer of the bags that he uses in which to ship his products.

Senator GEORGE. I do not know about that. That is a matter of investigation. The fact that you might increase the cost to somebody else is no very legitimate argument, when every industry in this country has been increasing the cost to the farmer all these years.

Senator BINGHAM. Does the Senator think that the person who buys rice or some other farm product in a cotton bag will be willing to pay more for it than if it is in a jute bag?

Senator GEORGE. Oh, I do not know about that.

Senator BINGHAM. Then the farmer would have to pay that difference.

Mr. GRAY. Let us grant that in the initial transition from the jute bag to the cotton bag he would have to pay more; because I confess, as far as we know the statistics of cost now, the cotton bag will cost more than the jute bag; and the rice farmer, Senator, shipping his product to-day in bags, or the Palouse wheat farmer up in the three States of Washington, Idaho, and Oregon, where they bag their wheat instead of selling it in bulk, might have to pay more for their bags; but those fellows buy feed; they buy fertilizer; they buy various other commodities in bags. Although their grain goes out and their rice goes out in bags, which let us grant they will have to pay more for at first, they are getting bags in all the time, in fertilizer, in feed and in various other commodities which they purchase; and if cotton

lasts longer, as the Department of Agriculture shows, they can use the bags which come to them in their purchases in handling their crop going out the next year.

Senator BINGHAM. Would you like to eat rice that was shipped to you in a bag in which there had been fertilizer?

Mr. GRAY. No; I can not use it that way. But have you ever bought cement in cloth bags? I have, hundreds of bags of it and carloads of it on my Missouri farm, and before they got to using paper bags for cement I sold back every empty cement bag for 10 cents apiece. I got my coin on it. The same thing will prevail in the cotton bag industry if it gets started.

Senator BINGHAM. I see.

Senator SACKETT. The questions I wanted to put to you, and which I think you have answered very fully, had this bearing, that this revision of the tariff is primarily for agriculture?

Mr. GRAY. We hope it will be so.

Senator SACKETT. That is my intention. The first thing that you come before the committee on is to raise the duty on a product that the farmer uses to some extent, and I wanted you to make the farmer's explanation, because when that duty is raised there will be a certain demagogic statement over the country generally that instead of assisting the farmer in this direction the Congress has been at pains to put the farmer in the hole. You are representing the farmer, and I wanted you—

Mr. GRAY. I am representing that portion of the farmers with a membership in the Farm Bureau Federation.

Senator SACKETT. It is a large portion of agriculture, and you are familiar with the situation and have been in Washington long enough to know those facts which I have just stated may take place, and I wanted you, as the farmers' representative, to make this statement, that it would ultimately come to the benefit of the farmer through and increased production of other farm products, and the net result would be in his favor. Is that a fact?

Mr. GRAY. Yes.

Senator SIMMONS. If you could substitute altogether cotton bags for jute bags it might open a market for a million bales of cotton more than they have now. For some years we have had too much cotton, and in some years we do not have anything like enough. In the years of big crops we need to go out and hunt up markets, but in the year of small crops the farmer has all the market he needs without going out and hunting for it. But assume that the entire substitution would give him a market for a millions bales of cotton in addition to what he would otherwise have: Now, the question arises, how much is the substitution going to cost the farmer? One of the chief uses of the jute bagging is wrappers for raw cotton. Sixteen million bales are produced. That means you have got to have jute or cotton to wrap up 16,000,000 bales weighing, on an average, 500 pounds per bale.

Mr. GRAY. Yes.

Senator SIMMONS. Can you tell us what is the difference between the cost of wrapping one bale of cotton in jute and of wrapping one bale of cotton in cotton cloth?

Mr. GRAY. At the present time, speaking from memory of the record we made on the House side before the Ways and Means Committee, I think the difference in cost is about 50 cents a bale

in favor of jute; but coincident with that is the increased price that he gets for a pound of cotton owing to the fact that he has a market for more cotton. It is our thought that, although he may have to pay 50 cents or more per bale to wrap his cotton, he is more than compensated by the increased price per pound that he gets for the cotton.

Senator SIMMONS. By reason of a larger market?

Mr. GRAY. Yes, sir.

Senator SIMMONS. I get your point, but I am not satisfied yet with its effectiveness.

You say the cotton material lasts longer?

Mr. GRAY. That is according to the tests of the Department of Agriculture.

Senator SIMMONS. The cotton farmer sells that bale of cotton and never sees that wrapper any more. If he sells a bale wrapped in cotton, he never sees that wrapper any more?

Mr. GRAY. That is true.

Senator SIMMONS. That goes to somebody else. As a matter of fact, as this cotton is sold or consumed in this country the jute bagging is taken off and that is renovated or converted into bagging which is used by the farmer another year. So that in the case of the jute bagging he loses it temporarily but gets the benefit of it in the lower price, because the manufacturer in this country gets it at a nominal price and therefore he can afford to sell the finished product at a less price. That same thing would be true with reference to cotton, would it not?

Mr. GRAY. The same situation would develop if cotton were used as wrapping for bales of cotton that is now developed with burlap.

Senator SIMMONS. But the difference, you say, is that the cotton wrapping can be renovated and will last longer than the jute bagging. What is your authority for that statement?

Mr. GRAY. The Department of Agriculture in its shipping test, its weathering test, and its breaking test—those three tests show that relative to the shipping test and the breaking test cotton is decidedly superior—almost, in the breaking test, using the same sized thread, 2 to 1. The weathering test is how much longer cotton will exist out in the weather than burlap. I think that test has not been fully completed.

Senator SIMMONS. I think just the reverse of your statement is true as to weathering. I believe that cotton goods will absorb and hold rain very much more than jute will, and be affected by atmospheric conditions more injuriously than jute.

Mr. GRAY. The tests thus far have not shown that to be true. Neither have they shown, because they are not conclusive, yet, so far as I know, relative to the decay of the two commodities under weather conditions.

Senator SIMMONS. You know that all of the fertilizer that the farmer buys is generally put up in bags made of jute?

Mr. GRAY. Yes.

Senator SIMMONS. Or something similar; I think it is jute?

Mr. GRAY. Burlap, we ordinarily call it.

Senator SIMMONS. As a matter of fact, I think the farmers save very few; they use the fertilizer and throw the bag away. The expense to the farmer of washing and cleaning and getting that bagging that has been used to hold fertilizer, into condition for

future use, is so great that he does not incur the expense; he just throws it away. That is true, I am sure, with myself. I operate some farms and have a good many tenants on them and have never known them to save their old fertilizer bags yet. I have seen them occasionally wash a few of them just for a domestic use, and I have asked, "Why don't you preserve them all?" And they say, "It costs too much and it is too much trouble." Of course the bagging is saturated with fertilizer.

Mr. GRAY. If we had a bag that was capable of being used two successive years or for two successive shipments, the farmer would not need to clean it, because he would get his cash price for second-sacks, and it would go back just like cement sacks go back.

Senator SIMMONS. Do you not know that the farmer does not sell those sacks?

Mr. GRAY. There is no market for them now, and they are not really worth handling the second time. By the time they go back and are cleaned they are disintegrated.

Senator SIMMONS. Do you mean to say that the cotton wrapping would be any different?

Mr. GRAY. Yes; I would say that a stronger sack would be capable of being used more than once.

Senator SIMMONS. I think the acids in the fertilizer would perhaps be more harmful to cotton than to jute.

Mr. GRAY. There are many commodities shipped other than fertilizer.

Senator SIMMONS. I am talking about fertilizer now. I was not talking about other sacks.

Mr. GRAY. Oh. I see; you are applying your argument wholly to fertilizer?

Senator SIMMONS. Yes; I was testing out what the farmer was going to get out of it.

Mr. GRAY. Let me say this, that it is doubtful whether any sack used in the shipment of fertilizer can be used the second time, if you are applying your questions to fertilizer exclusively, on account of the acids that eat up the wrapping.

Senator SIMMONS. That is exactly what I was saying. The farmer has to buy his fertilizer and it is now sacked in jute or burlap. If he has to buy cotton for that, he will have to pay, you admit, more for the cotton goods?

Mr. GRAY. About 50 cents a bale, perhaps.

Senator SIMMONS. I was just wondering whether the additional amount he would have to pay for the cotton bags will not more than equalize the benefit of finding a market for a million bales more, especially in view of the fact that about every three out of five years the farmers would make hardly enough to supply the world demand.

Mr. GRAY. No man in advance, Senator Simmons, can answer your question arithmetically and exactly. As to how much this increased use of cotton will be promoted if the rates of duty on jute could be invoked is an estimate. We had said a million or a million and a half bales. How much that is going to raise the price that the planter gets for his raw cotton is an estimate also. But under usual trade operations you would expect that if a million or a million and a half bales of cotton more found a market, a reflection in the price would prevail, and a beneficial reflection. The difference between those two is an estimate. I can not tell you what it would be; and it is so with many of our tariff rates.

I can not say how much the rate of 25 cents a bushel on corn plus adequate rates on tapioca and starch, is going to benefit the American farmer; but the American farmer believes that a rate on corn with adequate rates on these imported competitors will benefit him. He does not say it is going to be a billion or five hundred million dollars a year but he makes his estimates and makes his determination on those estimates. I can not state arithmetically what the benefit to the cotton farmer will be, but I do believe, and our membership authorizes me to transmit to this committee the thought, that the supplanting of jute bagging with cotton bagging will help the cotton farmers.

Senator SIMMONS. What is your membership in the cotton States?

Mr. GRAY. It is less numerically than in any part of the United States.

Senator SIMMONS. It is very small?

Mr. GRAY. Yes; and all organizations of the agricultural type are small in the Southland. Our biggest membership, may I state, in the South lies in Louisiana, Alabama, Tennessee, and Texas. We have no membership at all in Georgia, Florida, and the two Carolinas. The farm bureau is not known in those four States.

Senator SIMMONS. I can see the justice of your contention that the manufacturer of jute in this country feels that he ought to have protection, and I think he is entitled to it. I am not making any question about that at all; but when you come to raw jute you are proposing a duty on that for the protection of the farmer, you say?

Mr. GRAY. Yes; the cotton farmer.

Senator SIMMONS. There is no raw jute produced here to be protected?

Mr. GRAY. No.

Senator SIMMONS. You say the farmer is going to be benefited by being forced to use cotton instead of jute. I am querying whether the farmers of the cotton section of the country regard that as a sound proposition that they should be made to use cotton bagging instead of jute bagging.

Mr. GRAY. I do not believe we should say that we are going to force him to use cotton bagging, but we are, by the price equivalent, going to induce him to use cotton bagging.

Senator SIMMONS. You are going to put the machinery of the tariff into operation for the purpose of coercing him to use cotton bagging upon the theory that it is going to help him?

Mr. GRAY. Yes; upon the theory that it is going to help him.

Senator SIMMONS. I do not know whether the farmers of the South approve of that proposition or not. I have not heard from them.

Mr. GRAY. I can not speak for the farmers in the South excepting in those States, some of which I have enumerated, where we have State farm bureau federations. That means that they have enough county farm bureaus numerically, supported by membership fees, so that they have federated themselves into State units. From all of the southern States the position which I am presenting here relative to jute is the one that I have referred to relative to bananas—or, rather, the Senator from Connecticut referred to that—and the one with reference to duties on oils and fats coming in from the Tropics, the Philippine Islands, or elsewhere. That is another situation that is comparable with the jute situation.

I confess, Senator Simmons, that we could put the duty on jute five times as high as it is now and we would not promote the jute industry in America; but I do think we would promote a more profitable cotton industry. If you put a duty on bananas you will promote more use of fruits and vegetables and cereals by the American people; you will not exclude bananas.

Senator SIMMONS. Will not the cotton farmer and will not the wheat farmer have to pay more by reason of the substitution than the increased market for his product or the demand for his product would justify?

Mr. GRAY. If the theory of tariff is true, anybody who has a commodity made dutiable under the tariff will pay more for that article or that commodity. That would be true of any commodity, if the whole basis of tariff is true; and generally it is admitted as being true.

Senator SACKETT. You do speak for a large number of farmers in the northern and western part of the United States?

Mr. GRAY. Yes.

Senator SACKETT. And they would not reap any benefit from an increased production of cotton, and yet you feel, as far as they are concerned, that it would be a benefit to them to use cotton bagging instead of jute bagging?

Mr. GRAY. I feel so; and I have received no remonstrance from any State farm bureau federation in the American Farm Bureau Federation against the proposition of a duty on jute, a duty on bananas, a duty on vegetable oils and marine oils and these other commodities which are produced abroad as substitutes for something that we grow here in America.

Senator SACKETT. That would include hemp, sisal, and flax?

Mr. GRAY. Yes.

Senator SIMMONS. I want to say that I have not, so far as I know, received a single request from any farmers in my section of the country favoring the duty on raw jute.

Mr. GRAY. I have, through my organization.

Are there any other questions, Mr. Chairman?

Senator GREENE. That is all.

Mr. GRAY. Thank you.

(Mr. Gray submitted the following brief:)

#### BRIEF OF THE AMERICAN FARM BUREAU FEDERATION

##### FLAX, HEMP, AND JUTE

The disposition of agricultural surpluses in the United States has become a national problem. The special session of Congress has been called primarily to afford relief to agriculture by providing means of dealing with agricultural surpluses.

A farm bill has been passed which seeks to provide a means of disposing of agricultural surpluses after they have been created. One of the most difficult problems in a farm relief program, and one which was discussed almost as much as any other problem, is the matter of preventing the accumulation of surpluses.

The American Farm Bureau Federation has formulated as a part of its tariff program recommendations which seek to reduce the volume of surpluses by promoting a transfer of acreage from certain crops of which we produce a surplus to other crops of which we do not produce enough to supply domestic requirements. The reduction of surpluses is further sought by recommendations which have for their purpose the increased utilization of domestic products by finding new uses for these articles.

The recommendations for promoting the transfer of acreage from surplus crops to deficit crops include higher duties on flax fiber, flaxseed, castor beans, castor oil, hempseed, hempseed oil, soya beans, soya bean oil, figs, dates, onions, peas,

beans, and many other domestic crops of which a considerable portion of the domestic consumption is now being supplied by foreign countries.

The recommendation for a tariff on jute and jute products falls within the second group of recommendations, namely, to promote new uses for domestic products. By placing adequate rates of duty on jute and jute products, it is believed that the utilization of cotton for the manufacture of bags, bagging for cotton, and other articles for which jute is now used, would be promoted.

#### FLAX

There are two classes of problems which confront the domestic flax industry—first, cultural problems; and second, economic problems. Heretofore the ravages of wilt and rust greatly retarded the development of a flax-fiber industry in the United States. Rapid progress has been made in developing disease resistant varieties of fiber flax so that strains may be produced which are resistant to wilt and to rust.

In Oregon there were approximately 2,200 acres planted to fiber flax in 1928; and about 1,000 acres in Michigan. The soil and climatic conditions in Michigan, Wisconsin, New England, Minnesota, Oregon, northeastern Idaho, western Washington, and in the mountain valleys of western Montana, are adapted for the production of fibrous flax.

Adequate economic protection, by means of the tariff, should be correlated with the activities of the Department of Agriculture in solving the cultural problems of the industry.

The domestic industry now produces, on a small scale, practically all grades of flax; some as good as the famous Cortrai flax, as well as the lower grades.

With the progress which has been made in overcoming the diseases which have hindered the development of the industry, Congress should provide adequate rates of duty which would remove the economic obstacles to the expansion of the flax fiber industry. To bring this about the following rates of duty are recommended:

Flax straw, \$4 per ton.

Flax, not hackled, 5 cents per pound, but not less than 35 per cent ad valorem.

Flax, hackled, 10 cents per pound, but not less than 35 per cent ad valorem.

Flax tow, flax noil, crin vegetal or palm-leaf fiber, twisted or not twisted, 4 cents per pound but not less than 35 per cent ad valorem.

Sliver and roving of flax, hemp, ramie, or other vegetable fiber, not specially provided for, 35 per cent ad valorem.

#### HEMP

Hemp is another crop which might be further expanded to displace the acreage of certain surplus crops. The hemp producing industry in the United States has been in a state of decline since 1899, each census since that year showing a decrease in the acreage, and also in the total domestic production. The acreage declined from 24,881 acres, with a production of 25,636,880 pounds in 1889, to an acreage of 7,252 acres with a production of 7,148,215 pounds in 1919.

Hemp is now produced principally in Wisconsin and Ohio, with small amounts in Indiana, Illinois, Michigan, Minnesota, North Dakota, South Dakota, Kentucky, Mississippi and California. (Census of 1920.)

States which once produced hemp, but which showed no production at all in the census of 1920, include Maine, Pennsylvania, Missouri, Maryland, Nebraska, Virginia, Tennessee, Arkansas, Louisiana, Oklahoma, Colorado, and New Mexico.

In order to restore the domestic hemp industry the following rates are recommended:

Hemp and hemp tow, 2 cents per pound.

Hackled hemp, 4 cents per pound.

Sliver and roving of flax, hemp, ramie, or other vegetable fiber not specially provided for, 35 per cent ad valorem.

#### JUTE

The enormous increase in the use of silk and rayon in the place of cotton in wearing apparel has been a very depressing factor in the cotton industry; so much so that extensive studies have been conducted to discover new ways of utilizing cotton.



One of the most important ways to increase the consumption of cotton is to make possible its utilization for bags and bagging in place of jute. Careful experimentation and demonstration have shown conclusively the superiority of cotton over jute for these purposes. According to an elaborate study by the Division of Cotton Marketing, Bureau of Agricultural Economics, in 1927, cotton was shown to be superior to jute for cotton bagging, which is used as a cover for cotton bales. The tests showed that the lightest weight of cotton bagging which was used, namely 12.3 ounces per square yard, had a greater tensile strength than new jute bagging weighing 2 pounds per square yard. Furthermore, the tensile strength of the bagging made from cotton was more uniform in character than the bagging made from jute; and the cotton bagging also showed greater elasticity than the jute bagging.

Shipping tests conducted on actual shipments through commercial channels from the United States to Bremen, Germany, showed that the cotton bagging arrived in much neater and better condition than the jute bagging, with less expense for taring charges, freight costs, and other charges based on weight, because of the lighter weight of the cotton bagging. It was also found that considerable savings could be effected by the use of the cotton bagging because less cotton adheres to the bagging when it is removed.

The principal obstacle in the way of utilizing cotton for bagging and for bags is that jute, which is produced under extremely primitive conditions in India, can be purchased so cheap under the present policy of admitting jute free of duty, that cotton can not be utilized for the same purposes in competition with the imported jute.

In order to remove this disadvantage which cotton has in relation to jute, and to make possible the utilization of cotton, it is requested that unmanufactured jute be removed from the free list and be made dutiable at adequate rates, and that the duties on jute products be increased.

If cotton could be entirely substituted for jute, it is estimated that the domestic consumption of cotton would be increased by approximately 1,750,000 bales, which would bring to the cotton growers an increase in returns amounting to approximately \$150,000,000, on the assumption that this increase in consumption would raise the price about 2 cents per pound on a 15,000,000 bale crop.

The following duties on jute and jute products are recommended:

Jute and jute butts, 8 cents per pound.

Jute yarns or rovings, all types, 10 cents per pound.

Jute sliver, 8 cents per pound.

Twist, twine, cordage, etc., of jute, all weights, 9 cents per pound.

Fabrics composed of jute, bleached or unbleached, 10 cents per pound.

Bags or sacks made from plain woven fabrics of single jute yarns, or from twilled or other fabrics composed wholly of jute, bleached or unbleached, 10 cents per pound.

Bagging for cotton, gunny cloth, and similar fabrics suitable for covering cotton composed of single yarns made of jute, jute butts, or other vegetable fiber etc., weighing from 15 to 32 ounces per square yard, 1.6 cents per ounce per square yard.

Weighing over 32 ounces, 10 cents per pound.

(For further data see pages 5652-5679, hearings before the House Ways and Means Committee, 1929.)

## CRIN VEGETAL

[Par. 1001]

### BRIEF OF THE LOUISIANA MOSS CO., MINDEN, LA., AND OTHER PRODUCERS IN FLORIDA AND LOUISIANA

*To the members of the Senate Finance Committee:*

The growers and producers of Spanish moss in the United States are suffering a severe competition from imported fibers known in the trade as crin vegetal, which is being imported in quantities and at prices which is causing the loss of our domestic markets.

To equalize the conditions of competition and give the American producers of Spanish moss fiber a fair chance to preserve their industry and employ American labor and purchase the raw materials produced in this country, a request has been made of the Congress for rates of duty as follows:

In paragraph 1001, page 139, H. R. 2667 now before your committee, the rate of duty on crin vegetal to be changed from 1 cent per pound to 6 cents per pound.

## GENERAL STATEMENTS

There is no crin vegetal industry in the United States.

This is a fiber made from a variety of palm grown in North Africa. The imports are in twisted form, and are used here after being reworked, as a substitute for the Spanish moss fiber which is one of the best of all known fibers for the stuffing of upholstered furniture.

Opinions of experts testifying before the Ways and Means Committee agree that the imported fiber is not only a substitute, but a most inferior one, which makes its extremely low price a doubly dangerous substitute and competitor of our high quality Spanish moss product.

The low price of the imports is due chiefly to the extremely low cost of labor in the gathering and preparation of the fiber for our markets.

The Spanish moss industry is established in those parts of the United States, the Gulf Coast States, where there is great need for the development and protection of all possible industries for the use of the natural raw materials of that section and the employment of labor at fair and American standards of wages.

The purchasers of upholstered furniture in the United States are assured of a much superior product if it is made by using the domestic fiber, Spanish moss. The best experts who have given testimony on this phase of the matter state that the increased cost, assuming that the asked-for tariff is fully effective, will be but \$1.50 on a full-sized davenport.

## CHARACTER OF DOMESTIC INDUSTRY

Facts covering the size, distribution, costs, etc., of the domestic Spanish moss industry are found in the statements before the Ways and Means Committee made by Hon. R. A. Green, a Congressman from Florida (p. 5043, committee print unrevised); H. W. Selle, of Minneapolis (p. 4770, *ibid.*); Walter Wilhelm, of Gowanda, N. Y. (p. 4784, *ibid.*); the brief of Mr. Wilhelm following his testimony, the petition of the Moss Ginners of Louisiana (p. 4794, *ibid.*). These facts do not need to be repeated here.

Further very clear and definite information relative to the present condition of the industry, and its present serious condition due to the low tariff competition of the cheap substitute products is contained in a personal letter written by J. M. Bel, president of the Louisiana Moss Co., Minden, La., attached hereto.

## TARIFF ON SUBSTITUTES CLEARLY JUSTIFIED

It is our belief that the general principle of a tariff on a substitute product which is entering into the commerce of our country and there displacing a meritorious domestic production, thereby displacing domestic industry, throwing American workmen out of employment and preventing the purchase of domestic raw materials, the products of American agriculture, has been clearly proven and demonstrated. The purpose of the present tariff readjustment work, outlined in the message of the President of the United States to Congress, would clearly not be carried out, if this phase of tariff adjustment does not receive attention and positive action.

This industry of gathering, preparing, and furnishing to the furniture trade and to other users, this highly desirable domestic fiber, Spanish moss, will be wiped out, or placed on a wage competition comparable with that which prevails in North Africa, unless substantial tariff relief is granted, and we respectfully state that no rate of duty on crin vegetal, less than 6 cents per pound will afford such substantial relief.

Respectfully submitted.

LOUISIANA MOSS CO., OF MINDEN, LA.,  
By A. M. LOOMIS, *Special Representative.*

MINDEN, LA., June 6, 1929.

Mr. A. M. LOOMIS, *Washington, D. C.*

DEAR MR. LOOMIS: Your favor of the 23d came to hand during my absence I have just returned from a trip to the north and now hasten to give you some of the main points about the moss business.

Spanish moss when properly cured and ginned is conceded to be one of the very best fillers for overstuffed furniture that can be had, nothing is better unless it is the very best grade of curled hair, and that is very expensive. It is resilient, moth-proof, as no insect will bother it, and after having been used for years can be taken out, renovated and used again.

Moss began to be used as a filler as near as I can find out about 60 years ago, and had grown in use and favor until 1924, at which time palm fiber or crin vegetal began to make its appearance. Palm fiber is a clean fiber, a great deal like cical, which is imported from North Africa. It is gathered by the cheap Arab labor amid disease, dirt, and filth. Their standard of living is nothing as compared with ours, therefore is brought over very cheaply and can be sold any place in the United States from 5½ to 6½ cents per pound delivered. On account of its cheapness, in 1924 it began to supplant moss business, so much so that by January 1, 1928, out of 64 gins in this State, at least 40 had gone out of business or were broke. The import of palm fiber ran as follows. In 1924, 2,513 pounds; in 1925, 616,391 pounds; in 1926, 11,218,365 pounds; and in 1927, 18,105,039 pounds. You will note that the increase of 1927 over 1926 was 70.3 per cent. We have not the statistics for 1928, but the first half of the year kept up about the same ratio.

Sometime in the forepart of 1928, so we understand, from a letter which Mr. Selle had at the hearing of the Ways and Means Committee, disease broke out among the natives and they were unable to gather the palm leaf to make the fiber, so since that time we have been having a very good business, but we are expecting it to change at any time.

Now, as to moss. It grows in low places. There is a large quantity of it, but our standard of living is such that it can not be gathered and sold in competition with palm fiber. Also the loss from the green moss as taken from the tree to the cured moss as it is ready for the upholstering is from 85 per cent to 90 per cent. Grade 3-X or gray moss is the one or the grade with which palm fiber comes in competition, and the loss on that from the green stage to the furniture shop will run 85 per cent.

In 1927 we had the great flood and all the lowlands were flooded, the people were driven from their homes, and the Red Cross had to feed them for one year. This would not have been necessary had it not been for the importation of palm fiber, as they could have gone to the swamps and have gathered cured moss and have made good wages, which would have been far better for all than the Red Cross dole; but there was no demand for moss, and thus they had to be fed while a million dollars worth of perfectly good moss was lying in the woods rotting. Thus it was a double economic loss.

We are asking for a tariff of 6 cents. With it we can get along in very good shape, and if we get it, it will place in these Southern States millions of dollars yearly, and at that for a commodity which costs nothing to raise and is annually going to waste and rotting on the ground. It will give employment at good living wages to some twenty-five or thirty thousand people. It will give our people who live in the lowlands a chance for a good living without the Red Cross help, even in case of a great overflow such as in 1927 and such as we have again this year, though not quite so bad in many respects, but it is much worse in this respect—the water is staying up longer and the backwater covers the lowlands just the same as in 1927, and this year it will be so late when the water goes off that no crops can be planted. The only help that they will need will be a good tariff on palm fiber and chance to gather moss.

I hope that I have made this plain and that you will be able from this brief data to get a brief in shape to present to the Senate Finance Committee. However, if there is any further information that I can give to you, I will be more than pleased to do so.

Hoping to hear further from you upon the subject, I remain,

Yours very truly,

J. M. PEEL.

## FLAX, FLAX YARNS AND THREADS, AND LINEN FABRICS AND MANUFACTURES OF LINEN

[Pars. 1001, 1002, 1004, 1009-17]

### STATEMENT OF PETER FLETCHER, NEW YORK CITY, REPRESENTING THE LINEN GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

[Flax, par. 1001, flax sliver and roving, par. 1002, flax yarns and threads, par. 1004, and interlinings, par. 1009]

(The witness was duly sworn by Senator Greene.)

Mr. FLETCHER. I am representing the linen group of the National Council of American Importers and Traders.

Senator GEORGE. You appeared as a witness before the Ways and Means Committee?

Mr. FLETCHER. Yes, sir.

I would like to present this in demonstration [placing an exhibit on the table] in case you would like to follow the course of my statement, showing the difference processes in flax I am talking about. I am dealing with the subject of Schedule 10, flax and manufactures thereof.

Senator GEORGE. What schedule?

Mr. FLETCHER. Schedule 10.

Senator GEORGE. What paragraph?

Mr. FLETCHER. Raw flax. I haven't got the paragraph in my notes.

Senator GEORGE. All right.

Mr. FLETCHER. In the brief which I submitted to the Committee on Ways and Means—

Senator SACKETT. We will have to try to get that paragraph out first, because we will have to refer to the paragraph.

Senator GEORGE. It is 1001.

Senator SACKETT. Flax, not hackled, and so forth.

Mr. FLETCHER. That is the first lot.

In the brief which I submitted to the Committee on Ways and Means, of the House of Representatives, under date of February 2, I have only one correction, or suggestion, to make:

Flax roving: In my brief I suggested that roving of flax should be dutiable at 10 per cent ad valorem, but on further consideration it seems to me that flax roving should be incorporated with flax yarn, as is the case in dealing with jute.

In paragraph 1003, jute yarns, or roving, single, are treated as one commodity. There seems to be no reason in the world why the same treatment should not be applied to flax yarns and roving.

The inclusion of roving with yarn would make the revised paragraph read as follows:

Single yarns, or roving, in the gray, boiled, bleached, dyed, or otherwise treated, made of flax, hemp, or ramie, or a mixture of any of them, 17½ per cent.

The rate I suggested to the Ways and Means Committee.

Senator SACKETT. That must be on some other paragraph.

Mr. FLETCHER. I mentioned the paragraph, 1003.

Senator SACKETT. I see the jute, but not the flax, there.

Mr. FLETCHER. That deals with—

Senator GEORGE. Paragraph 1002, just above it.

Senator SACKETT. Sliver and roving, of flax, hemp, ramie, or other vegetable fiber?

Mr. FLETCHER. No.

Senator SACKETT. Single yarns, in the gray, of flax, hemp, or ramie—1004?

Mr. FLETCHER. That is the paragraph.

My suggestion is that the roving should be incorporated in that paragraph and bear the same rate of duty as yarn.

Senator SACKETT. That is, 13 cents a pound?

Mr. FLETCHER. No; 17½ per cent ad valorem is my suggestion. Thirteen cents a pound is in the House bill, I believe.

Senator SACKETT. You want to put roving with that?

Mr. FLETCHER. As it is in the jute schedule.

Senator SACKETT. We are talking about 1004.

Mr. FLETCHER. Yes, sir.

Senator SACKETT. "Single yarns, in the gray, of flax, hemp, or ramie, or a mixture of any of them, not finer than 12 lea, 13 cents a pound." You want to raise that?

Mr. FLETCHER. No, sir; I want to make it 17½ per cent ad valorem.

Senator SACKETT. What would be the effect as between 13 cents a pound and 17½ per cent ad valorem?

Mr. FLETCHER. At the present value I should think this would be cutting the present duty to about 50 per cent.

Senator SACKETT. Now you will have to give the reason for that.

Mr. FLETCHER. I am coming to that. I am going back now—I bring that in, because that is the only correction I have made, or at least a suggestion, to my brief before the Ways and Means Committee. I am going back to flax straw, et cetera.

Senator SACKETT. Why do you not tell us about this first?

Mr. FLETCHER. I have finished with that.

Senator SACKETT. You have not given any reason.

Mr. FLETCHER. I will have to read at another part of my brief. I was going on from the raw flax, through the various processes, and then to the thread and cloth.

Senator SACKETT. All right. We did not get any reason for this particular one.

Mr. FLETCHER. I have a very good reason, if you have a little patience. I am trying to do it according to the schedule of manufacture.

Senator SACKETT. All right.

Mr. FLETCHER. The rates of duty in the present tariff, in many cases increased in the new House bill, mainly through changes in specifications, resulting in changes in classifications carrying higher rates, are based upon thoroughly erroneous assumptions.

Starting with raw flax—

Senator SACKETT. What paragraph is that?

Mr. FLETCHER. Paragraph 1001, Schedule 10.

Senator SACKETT. All right.

Mr. FLETCHER. Starting with raw flax, it seems to be assumed that this crop can be economically, agriculturally, and commercially, raised in the United States. There is no reason whatsoever to assume that this can be done. On the contrary, experience and experiment have proven that this is not the sort of crop that can be raised by the American farmer in any section of the United States. This

commodity should be on the free list, and all the rates on manufactures of flax readjusted accordingly.

Experience gathered over a great many years, and in all the countries producing flax, points to the conclusion that this is a crop only suitable for peasants growing a very small area which they can handle without paid labor.

In the flax-growing sections of Soviet Russia and the Baltic States, the average acreage sown per grower is under one-third of an acre. In these parts of the world, pre-war, the large landowners made many attempts to grow flax, but were unsuccessful. They could not compete with the peasant who employed no hired labor, and who during the winter, in his own house, scutched the flax by hand with wooden beaters.

A great amount of experimentation has been carried on for many years, with a view of defibering flax without preliminary retting. Many processes have been exploited by their originators, but they have invariably turned out unsuccessful in practice. The basic trouble in flax growing is that the fiber contents of the flax as we have it to-day is not large enough to cover labor and overhead costs, and so long as that condition maintains, it will remain a crop only for small peasants who have no overhead, and who do the work themselves.

A striking example of the difficulty of raising flax crops on a large-scale agricultural basis was shown in the reports of The Ontario Flax Co. (Ltd.), in the years 1915-1920. This firm showed a profit during the war years when the price of flax had gone up to unheard of height. In 1919 their profits were \$76,000; but in 1920, after flax had come down to the basis of about 100 per cent above the pre-war level, their loss was \$290,000.

In the case of Oregon, where a small quantity of fiber flax is being produced, the promoters of this enterprise found it necessary to utilize convict labor from the State penitentiary to do the odious and odoriferous work of retting and scutching the flax.

Then I come to sliver of flax, which is a special paragraph, duty of 20 per cent.

Senator SACKETT. Paragraph 1002, sliver and roving, of flax, hemp—

Mr. FLETCHER. I have dealt with roving in what I have said already about putting it with yarn.

Now this is 1002. As pointed out in my brief to the Ways and Means Committee, this material is really not a commercial commodity, but rather the condition of the flax just prior to its being roved.

In 1927 there were imported into this country 44,238 pounds of "sliver and roving of vegetable fiber." Practically all of this, namely, 36,813 pounds, consisted of ramie sliver from France, the United Kingdom, and Switzerland. I understand that the ramie sliver imported is used in conjunction with cellophane in the manufacture of package ribbon, and material for making hats. So far as I can find, there have been no imports whatsoever of flax sliver.

Sliver is essentially part of the process preparatory to the spinning into yarn, and it seems clear that even the ramie sliver is not carried forward into the regular commercial use for which it is created, namely, for the manufacture of yarn. Since sliver, therefore, is merely the strands of flax laid together preparatory to roving and spinning, I contend that it should be classified as "flax," which it still is; and

I believe it is to the best interests of the country that flax in all its forms should be placed on the free list.

A gentleman from Oregon made a great plea before the Ways and Means Committee for an increase in the duty on raw flax, claiming that there was a future in his State for raising flax fiber. He made another statement which qualified this, namely, that his experiments had so far cost the taxpayers of the State of Oregon \$105,000, despite the use of free convict labor.

In my opinion it would be an act of kindness on the part of the Finance Committee to put an end to this futile and costly experimentation, which in the light of all experience is bound to be a total failure.

Now I come to flax yarns and flax thread.

Senator SACKETT. "Single yarns, in the gray, of flax, hemp, or ramie"?

Mr. FLETCHER. That is the one.

Senator SACKETT. Paragraph 1004.

Mr. FLETCHER. The present rates are apparently based upon the quite erroneous assumption that spinners of yarn, and twistors of thread, require a very large protection in order to offset the cheaper labor costs abroad. As a matter of fact the spinning of yarn and the twisting of thread are highly mechanized operations calling for very little labor.

In the brief filed with this committee during the tariff hearing which resulted in the present law, the Linen Thread Co. drafted an extraordinarily complicated and unnecessarily technical paragraph, most of which was incorporated in the present act. This brief was supported by a brief from the J. E. Barbour Co. in which, strangely enough, precisely the same highly technical divisions and precisely the same specific rates of duty were suggested.

In both briefs it was stated that these gentlemen were actually pleading for lower rates of duty. For instance, in the J. E. Barbour Co. brief we find this sentence:

It will thus be seen that we are actually asking for a lower tariff on both single yarn and finished thread than the Underwood tariff.

Taking that statement at its face value, we find that these people in the present act got twice the protection they asked for, and I have no hesitation in saying that they asked for twice as much as they actually needed. I do not know whether this additional protection was intended as an insult to their efficiency, or as a compliment to their cupidity. I do know that under the previous tariff, with protective rates on yarns of from 12 to 20 per cent, and on threads from 20 to 25 per cent, the Linen Thread Co. prospered to so great an extent that they increased their capital from \$900,000 to \$3,400,000 within a few months after the passage of the present act. It will be noted that they were careful not to increase this capital until they had got these increases in the protective rates.

They were most careful, too, in filing their briefs, to provide a fitting abibi in case the future should show that their arguments were specious. They stated that "based upon present values" the specific rates would figure out at from 12 to 17 per cent ad valorem. Of course, they knew, as did everyone in the trade, that prices at that time were greatly inflated, and that consequently when prices declined, the specific rates would figure out very much higher ad valorem rates than those mentioned in their briefs. Instead of the

average of 14½ per cent protection on flax yarns, the actual average duty collected on the imports under the present law is 29.55 per cent—more than double the estimate furnished your committee by these gentlemen.

One of the iniquitous features of these high rates, now proposed to be made higher still, is that the rates are pyramided forward into cloth duties, which are based upon these unnecessarily high rates on yarns.

In the brief submitted by the Linen Thread Co. to the Ways and Means Committee of the House of Representatives, they asked for further increases in the rates on yarn and thread. They suggested that up to 12 lea should be raised from 10 cents to 12½ cents a pound, but the Ways and Means Committee apparently gratuitously granted them another ½ cent a pound, making it 13 cents a pound, and in the blanket clause raised the maximum from the requested 35 per cent to 37½ per cent.

The same liberal treatment has been tendered to these people in connection with linen thread. They wanted a duty of 20¾ cents up to 12 lea, and they got 21¼ cents. They wanted an ad valorem equivalent of not less than 30 per cent, and they got an ad valorem equivalent of not less than 32½ per cent.

Now, I want just one word on paragraph 1009 (b) dealing with interlining paddings.

Senator GEORGE. "Woven fabrics, such as are commonly used for paddings or interlinings in clothing?"

Mr. FLETCHER. Yes, sir. Dealing with that I wish to say if a new tariff is to be designed to run reasonably parallel with the actual conditions relating to the different commodities, this entire paragraph must be stricken from the bill.

There are no jute paddings, nor are there any linen paddings produced in this country.

There came before you during the last tariff hearings, one Maurice Goldman, owning a small mill in New Hampshire, who claimed that with a high degree of protection he could manufacture all the jute paddings and all the linen paddings consumed in the United States. He got his protection, but he did not deliver the goods.

That is all, gentlemen. Any questions?

Senator SIMMONS. Just one word. Do I understand these gentlemen are asking for a higher rate than they got from the House committee.

Mr. FLETCHER. They got a higher rate in the House committee than they asked in their briefs.

Senator SIMMONS. And you have just shown that they got more than they asked for?

Mr. FLETCHER. They got more than they asked for.

Senator SIMMONS. Now I am asking you if they are asking for anything in addition to what the House gave them.

Mr. FLETCHER. I do not understand you.

Senator SIMMONS. Are they asking for any increase?

Mr. FLETCHER. In the House rates?

Senator SIMMONS. Yes.

Mr. FLETCHER. Yes; they are asking for an increase of 10 to 12½ cents a pound, and the House gave them 13 cents a pound.

Senator SIMMONS. I do not think you understand me yet. The House gave them a certain increase.

Mr. FLETCHER. Yes, sir.



Senator SIMMONS. Now I am asking you if in any specific instance they are asking for a larger duty than the House gave them?

Mr. FLETCHER. I think not. I believe not.

Senator SIMMONS. They are content with the House duty?

Mr. FLETCHER. Apparently they are. I do not know what they are going to ask of you gentlemen.

Senator SIMMONS. And you are assailing the rates fixed by the House?

Mr. FLETCHER. Yes, sir.

Senator GREENE. Thank you very much.

**STATEMENT OF J. HERBERT YOUNG, NEW YORK CITY, REPRESENTING THE LINEN GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)**

(Flax, par. 1001; flax yarns and threads, par. 1004; linen fabrics, pars. 1009-1013; towels and napkins, par. 1014; handkerchiefs, par. 1016)

(The witness was duly sworn by Senator Green.)

Mr. YOUNG. Mr. Chairman, dealing with the linen paragraphs of Schedule 10, starting with paragraph 1001, flax, you have heard, and you will hear more, testimony by domestic producers of flax, or those who want to produce it, and as you go through the testimony that was given before the House Ways and Means Committee, you will read a great deal more about the acreage that is available for the production of flax for fiber purposes in this country, and we must remember the distinction between flax for fiber purposes and flax for flaxseed.

You hear how comparatively large quantities of flax were grown in this country for fiber purposes some hundred or a hundred and twenty-five years ago. That is quite true, but in those days it was grown much the same as it is grown in Russia to-day. Each farmer grew his little patch of flax, and his wife and his mother-in-law, perhaps his daughter, spun it into yarn, the sons and himself wove it into cloth.

Since that time a gentleman named Eli Whitney invented the cotton gin, and since the invention of the cotton gin, the linen business has been on the downward path, and to try to encourage the growing of flax in this country, or the linen industry in this country, is absolutely futile.

Senator SACKETT. Where is the growing of flax now carried on?

Mr. YOUNG. In the State of Oregon—

Senator SACKETT. No; not in this country, but abroad?

Mr. YOUNG. Largely in Russia.

Senator SACKETT. A witness testified here the other day that flax practically all came from Ireland.

Mr. YOUNG. That is a mistake.

Senator SACKETT. That was not correct?

Mr. YOUNG. Oh, no.

Senator SACKETT. What proportion comes from Russia and what from Ireland?

Mr. YOUNG. I could not tell you exactly to-day, because reliable figures as to Russia are not available, but pre-war Russia supplied 80 per cent of the world's flax.

Senator BINGHAM. We are not interested in pre-war.

Mr. YOUNG. The probabilities are that the proportion is the same to-day.

Senator BINGHAM. Have you any figures on which to base that statement?

Mr. YOUNG. No, but I do not think it is relevant. I do not think it means a thing. The Irish production is very small. Ireland imports flax from Russia and from Belgium.

Senator GEORGE. It is manufactured in Dundee?

Mr. YOUNG. Linen is manufactured in Dundee, but there is no flax grown in Scotland.

Senator GEORGE. It is manufactured there?

Mr. YOUNG. Linen is manufactured there.

Senator GEORGE. It is the chief point of export to this country, is it not?

Mr. YOUNG. No; Belfast exports a great deal more linen than does Dundee.

Senator GEORGE. The summary of tariff information, furnished by the Tariff Commission, states that Russia is now probably producing 59 per cent of the world's total. That is less than pre-war, of course, and that is not a very accurate statement, probably.

Mr. YOUNG. That is very possibly correct.

Senator GEORGE. The same report also is authority for the statement that the production of flax fiber in the United States has not averaged as much as 500 tons per year during the 10 years ending in 1927.

Mr. YOUNG. That is the only information I have. I have seen that report, and I take it for granted it is correct.

Mr. Fletcher, testifying here yesterday, told you that it had cost the State of Oregon a very substantial sum of money to carry on experiments in flax growing and production of flax fiber in spite of the fact that they used prison labor. That statement was not challenged, but I believe he had the evidence to substantiate it.

This business is in a decline, and there does not seem to be any chance of stopping the decline. Cotton is a much more adaptable fabric for use where it has taken the place of linen.

Probably all of you gentlemen can remember when every gentleman wore a linen shirt and a linen collar. The probabilities are that there is not a linen shirt or a linen collar in this room, except the ones I have on. That includes the collar Senator Sackett is wearing.

Senator GEORGE. Do we import them?

Mr. YOUNG. We import the linen out of which they are made.

Senator GEORGE. That accounts for the fact that you have them on.

Mr. YOUNG. That is the reason I have them on. That is the reason I have a linen suit on, too. Not to go back quite as far as that, you can remember when the wives and all the ladies of the family wore linen shirtwaists. You have not seen one of them in 25 years.

Before the days of the automobile, at least before it was such a universal thing, the ladies used to sit home embroidering, but you do not see them doing that any more. Those uses for linen have absolutely disappeared. In fact, there is a gentleman in this room who can tell you a rather amusing story about the effect of the automobile on the cotton industry, if you ask him, or perhaps he will do it of his own free will.

Senator SACKETT. What is the production of linen sheeting?

Mr. YOUNG. Virtually nothing. I have not seen a linen sheet in a hotel in this country, except a few of the Fifth Avenue hotels, in many, many years.

Senator SACKETT. What is the production of linen damask tablecloths?

Mr. YOUNG. That is another thing that has gone away back.

Senator SACKETT. What is the use of trying to save the business if there is not any left?

Mr. YOUNG. I do not know. As a matter of fact, my firm is in a sort of a semiliquidating position at the present time, and a great many others are in the same situation.

Senator BINGHAM. Just what is it you are asking for?

Mr. YOUNG. We are protesting against any advances in the rates of the 1922 act.

Senator BINGHAM. On flax straw?

Mr. YOUNG. On flax straw, on yarns, on cloth, and articles.

Senator GEORGE. The House increased them?

Mr. YOUNG. The House increased them; yes.

Senator GEORGE. You want to go back to the act of 1922?

Mr. YOUNG. We would like a little better than that. We would like reductions on the articles not made in this country. There are a few articles made in this country, and made rather well. The principal item is cotton toweling, and low-priced huck towels. The evidence that came before the House Ways and Means Committee showed that the domestic interests have done well. They are not in a distressed condition. They do not need assistance. Paragraph 1009 does not show an advance in the rate, but they have changed the specifications there. The 1922 act provided a rate of 55 per cent on linen cloth weighing over  $4\frac{1}{2}$  ounces to the square yard, counting not more than a hundred threads to the square inch, and not more than 24 inches wide. The House bill reduced the weight limit to 4 ounces, increased the width to 36 inches, but did not change the thread count. The reduction of the weight, from  $4\frac{1}{2}$  ounces to 4 ounces, is to enable the domestic manufacturer to compete with a foreign cotton toweling coming in weighing about  $4\frac{1}{2}$  ounces, a very cheap thing. No doubt the domestic manufacturer will be able to make it, but he has to make it with this extra 20 per cent protection, meaning an advance of, say, 15 per cent in the price of the article.

It is a very low-end thing. It competes with the flour-bag industry. Of course, it might help cotton to put this tariff on this cheap crash, but there is a tremendous quantity of used flour bags used for cotton purposes, and that is where most of the business will go if the consumer does not like the price of the cheap crash the American man is going to turn out.

Then, again, the foreign manufacturer will undoubtedly produce a crash that will weigh just under four ounces, that will come in competition with the domestic manufacturer's  $4\frac{1}{2}$  or 4 $\frac{3}{4}$ . The thing will be sold on a price basis, and there will be the same competitive condition then that there is to-day, with the domestic man making one below  $4\frac{1}{2}$ , and the foreign man  $4\frac{3}{4}$ , and getting the benefit of the lower duty.

Furthermore, it is very likely that if a high tariff goes on, we will see the foreign manufactures moving over here. That would give a certain amount of employment here, but it would not help the domestic manufacturers who are here now.

Senator BINGHAM. Is it not true that the increase in the woven fabrics is merely compensatory, to compensate for the increase in the duty on the raw material?

Mr. YOUNG. No. As a matter of fact, I think you will find the domestic manufacturers will tell you that they have not gotten that compensatory advance, because the rate remains at 55 per cent.

Senator BINGHAM. But you said it was actually increased.

Mr. YOUNG. It is actually increased through the change of the specifications.

Senator BINGHAM. If it is increased, as you say, is not that increase in the nature of a compensatory increase?

Mr. YOUNG. No.

Senator BINGHAM. What is it?

Mr. YOUNG. Here is the situation under the 1922 act; yarns came in around 35 per cent. That was the maximum; that is, damask weighing over 4½ ounces came in at 35. Now the maximum on yarns is 37½, and cloth still remains at 55, cloth of over 4½ ounces, so that they have not gotten their compensatory advance.

Senator BINGHAM. In other words, they need a little greater advance.

Mr. YOUNG. They probably do; at least, they will tell you that.

Senator BINGHAM. What they have got is in the nature of a compensatory duty?

Mr. YOUNG. No; they have something entirely new. They have gotten a change in specifications, which gives them not only a compensatory advance, but an increase from 35 per cent to 55 per cent on these goods which weigh between 4 and 4½ ounces.

Senator BINGHAM. Then your position is that the increase which they have is in part compensatory and in part additional to compensatory?

Mr. YOUNG. No; I do not think there is any compensatory advance there at all.

Senator BINGHAM. I can not understand you. One minute you say there is no compensatory duty, and the next minute you say it is much more than a compensatory duty.

Mr. YOUNG. It is an entirely new duty.

Senator BINGHAM. And that they do not need any additional, and then you say they are going to ask for more because they have not a compensatory duty. What are the facts?

Mr. YOUNG. I would take it from the House report that the House decided that they did not need a compensatory duty, and for that reason they left the rate at 55 per cent, but that they did need the opportunity to make these additional fabrics, or wanted the opportunity to make these additional fabrics, and so they widened the specifications to permit them to do so. My claim is that that industry is not distressed, and that they do not need this, and that it is not going to do them any good, anyhow, and that it is going to hurt the importers very much.

Senator SIMMONS. You represent the viewpoint of the importer?

Mr. YOUNG. To some extent; to a large extent, I will say, but I am also thinking of the American manufacturer who is going to spend a lot of money to develop a business that is almost dead.

Senator BINGHAM. You really have his interest at heart rather than your own.

Mr. YOUNG. I am a little bit altruistic, yes. I would not put a nickel into the domestic linen industry, and I do not think any banker in the United States would, because the bankers know the situation very well.

This increase in the specifications covers too wide a range of goods, goods which the domestic manufacturers would not think of making here, because they are made in small quantities. They have to get stuff they can put in mass production and rush through. A fine suit like this one I have on they would not make.

Senator SIMMONS. You say the raw material is not produced in this country to any considerable extent. Suppose we should put all that on the free list, and then put a high duty on the finished product, the linen; would that revive the industry in this country?

Mr. YOUNG. It would help it a little, but the thing is not worth while. The fabric is overrated, and the people are getting wise to it.

Senator SIMMONS. In other words, they have substituted something for it, and they like it just as well?

Mr. YOUNG. Better.

Senator SIMMONS. It costs less?

Mr. YOUNG. Yes.

Senator SIMMONS. That is, cotton?

Mr. YOUNG. Yes, and rayon.

Senator BINGHAM. And silk?

Mr. YOUNG. Silk to a great extent, too. If a lady can buy two silk dresses for \$15, with never a worry about having them washed or ironed, and always having them looking nice all day long, she is not going out and pay six or seven dollars for linens.

Senator BINGHAM. Fashions do change.

Mr. YOUNG. They certainly do.

Senator BINGHAM. And if in the next year or two the fashion for wearing linen comes back again—

Mr. YOUNG. The fashion for wearing linen will never come back, because it is a rotten fabric.

Senator BINGHAM. I am afraid you are a pessimist.

Mr. YOUNG. I have been through the game. When linen was used for dress purposes, we did not have this great variety of other fabrics. It is an old fashioned fabric. It takes too long to make. It is too risky to work with.

You asked about table damask, Senator Sackett.

Senator SACKETT. Yes.

Mr. YOUNG. That is one item in which there has been an actual advance in the rate, from 40 to 45 per cent, and why that should be picked out for an advance is absolutely beyond me. I heard the testimony of a gentleman representing the Rosemary Manufacturing Co.; I think he was the one who asked for it. They are manufacturers of cotton damask, but that, I understand, is a very small part of their business to-day. The business is owned by the Simmons Beds Co. Why anyone should want to go into the manufacture of linen damask is beyond me, because that seems to be one end of the business that is absolutely dead.

The fashion for table covers is little doilies, or, where the table needs to be well covered, Mr. Du Pont's new product, which looks like a linen cloth, and can be easily wiped off.

Senator BINGHAM. Is that made of linen yarn?

Mr. YOUNG. Du Pont's product?

Senator BINGHAM. No, what you are talking about—that is going out of fashion.

Mr. YOUNG. Yes.

Senator BINGHAM. How is it that foreign imports of linen yarns have increased in the face of the decline of the domestic consumption?

Mr. YOUNG. Increased since when?

Senator BINGHAM. Since the last tariff bill was passed.

Mr. YOUNG. That is because the domestic manufacture of linen has increased considerably, and there are no spinners in this country supplying domestic manufacturers.

Senator BINGHAM. Domestic manufacture has increased, has it?

Mr. YOUNG. Yes.

Senator BINGHAM. And yet you say nobody is wearing linen or using it any more. Then what becomes of it? Do they export it?

Mr. YOUNG. The domestic manufacturers are putting it into cheap cotton crashes and lower-quality huck towels. In that the domestic manufacturers have done very well.

Senator BINGHAM. The domestic consumption has decreased?

Mr. YOUNG. Domestic consumption of linens has decreased materially.

Senator BINGHAM. Even though the importation of linen yarns has increased?

Mr. YOUNG. Yes.

Senator SACKETT. Is not that the very thing they are trying to take care of in this specification, changes so as to increase the business?

Mr. YOUNG. They want to give the American manufacturers a chance to make more goods, that is quite true.

Senator SACKETT. That is the reason they have changed the specifications?

Mr. YOUNG. Yes.

Senator SACKETT. In order to accomplish that, the change is wise, is it not?

Mr. YOUNG. It is wise, yes, to a certain extent, but if they are not going to be able to make the goods at a price at which the consumer will buy them, it is not going to do them any good.

Senator SACKETT. You say they are prosperous now?

Mr. YOUNG. As to the particular things they are working on.

Senator SACKETT. And this would increase the prosperity?

Mr. YOUNG. This would give them a chance to make a wider range of goods, but whether they can do it profitably is very much of a question.

Senator SACKETT. Have you any evidence to show that they would not be able to do it?

Mr. YOUNG. No. I believe there are certain items they can make. These specifications cover such a wide range of goods that they can not make.

Senator SACKETT. Yes, I caught that.

Mr. YOUNG. Just a moment. Paragraph 1016 deals with handkerchiefs. I will leave these samples here with you.

On plain linen handkerchiefs, hemstitched or hemmed, the tariff rate is increased from 45 per cent to 50 per cent, for the reason assigned by the Committee on Ways and Means that importation of these "has been steadily increasing in quantity and steadily decreasing in price."

Two important factors have been overlooked in all probability by the committee. First, the steady decrease in price of linen materials

from post war high levels, which is only natural. Further, the unit value of these goods has been steadily declining for the reason that the American consumer has been constantly demanding a smaller size of handkerchief. A few years ago the average woman's handkerchief was 144 square inches, to-day it is 100 square inches or even less, involving one-third less material which is reflected in the lower prices. Second, a large percentage of these imports were handkerchiefs in the unfinished state, Exhibits R502, R516, R535, for the purpose of being embroidered in the United States or Porto Rico, Exhibits C335/4, C2,854, CN327. On this class of handkerchiefs the increase of duty will only lower the amount of American labor that can be added to these goods in the embroidery and finishing, which we are sure is not the intent of the Congress.

Under the present 45 per cent rate American-made handkerchiefs of imported linen (Exhibit 934) are lower in price than identical foreign made goods, so the 50 per cent proposed rate merely represents an added unnecessary expense on the consumer on such other types as are not producible in the United States in commercial quantities, Exhibit 960. Therefore we recommend that the present rate of 45 per cent be maintained consistent with the 35 per cent rate on the unhemmed goods.

Senator SIMMONS. Your position is that if there were a demand in America for this product, with the raw material on the free list, and with a duty on the finished product, through the tariff we might rehabilitate the industry, but that none of those devices would do any good until the demand was stimulated?

Mr. YOUNG. That is quite right.

Senator SIMMONS. And you say that in your opinion that will not happen?

Mr. YOUNG. That will not happen, no.

Senator SIMMONS. That is your view as representing the importer?

Mr. YOUNG. Senator, that is my view as a commonsense business man, absolutely.

Senator SIMMONS. Are you engaged in the manufacture of these things?

Mr. YOUNG. No.

Senator SIMMONS. In manufacture at all?

Mr. YOUNG. No.

Senator SIMMONS. Your sole business is importing?

Mr. YOUNG. Yes, sir. We bring in some goods which we make up into articles, but it does not amount to anything.

Senator SIMMONS. You are aware of the fact that some of the farmers are insisting upon giving flax the benefit of the doubt, and going on with legislation that will artificially stimulate the business?

Mr. YOUNG. I heard the testimony given by the representatives of the State of Oregon at the House Ways and Means Committee hearings, and it is just a joke, in my opinion.

Senator SACKETT. I had a letter from a department store which suggested, in regard to this increased tariff on handkerchiefs—I do not seem to have it with me now—that the little increase would throw a certain quality of handkerchiefs, of small size, into a higher retail sales price to meet the 5 or 10 cents differential. Is that going to be important?

Mr. YOUNG. Senator, any price change at all is an important thing when you are dealing with a department store.

Senator SACKETT. That is, the 5-cent change would affect the retail price of handkerchiefs more in proportion than the 5 per cent change?

Mr. YOUNG. Yes.

Senator SACKETT. And would take off the market, at 20 cents, handkerchiefs that could not before have sold at less than 25 cents, and the difference would cut out that handkerchief entirely?

Mr. YOUNG. The 5 per cent might easily run to 15 per cent or 20 per cent by the time it reached the retail counter.

Senator SACKETT. That is what I am getting at. That is a fact, is it not?

Mr. YOUNG. Yes.

Senator SACKETT. I would like to put that letter in the record, Mr. Chairman, when I find it.

Senator GREENE. Certainly; the Senator may do that.

### STATEMENT OF J. M. CRONIN, REPRESENTING THE EDERER THREAD CO., PHILADELPHIA, PA.

(Flax, par. 1001, flax yarns and threads, par. 1004)

(The witness was duly sworn by Senator Greene.)

Mr. CRONIN. I represent the Ederer Thread Co., of Philadelphia.

Senator SACKETT. Did you testify before the Ways and Means Committee?

Mr. CRONIN. Yes, sir.

Senator SACKETT. And have you some additional matter to present to this committee?

Mr. CRONIN. Yes, sir; we have; this is quite a little different.

I would like to file a brief which I have here, and also another single sheet, which is a summary of the outstanding things which we are trying to point out.

In this brief what we have really tried to do was to defend the idea of specific rates, and in order to do that we have gone back to the method of spinning yarn, and we are submitting here information showing how long it would take to spin 100 pounds of each lea of linen yarn required, from 12 to 60 lea. A lea is 300 yards and in 12 lea there is 3,600 yards and in 60 lea there is 18,000 yards. A machine really delivers the yarn over a roller, and the speed at which you rotate the roller controls the amount you can produce in a day.

There is a very simple method of determining the speed of that roller, and you can vary the roller by varying the speed in the machine.

In this table we have submitted we have given the actual rate at which in actual production that machine is rotated when working on various leas, along up to 60. We show how many hours it would take to produce 100 pounds of each lea.

Without going into the cost of an hour, we have taken the hour as a basis and say it takes only five hours to produce 100 pounds of 12 lea and takes 50 hours to produce 100 pounds of 60 lea, it is sometimes as costly to work 60 lea as 12 lea.

Senator SACKETT. Ten times the labor cost?

Mr. CRONIN. The labor and overhead cost; the production cost on that machine.



Senator SACKETT. Not the machinery cost?

Mr. CRONIN. Yes; the machinery cost, because there is sometimes as many hours required to make the same amount of flax in every case. We selected 12 lea because it is 12 lea where the specific rates begin to increase, and I have assigned to the relative time of 12 lea a ratio, beginning with one for 12 lea and to 60 lea, giving the lea per lea ratio for the intermediate one, according to the rate of production.

Then we have given a special table showing the duty rate, and we show that under the present law there is a tariff of 10 cents per pound on 12 lea, with a 2 cent a pound rate on flax, leaving an 8 cent rate applying to our protection on the production of the yarn; that is, 8 cents at 12 lea.

Under the proposed bill that has been raised to 13. That is, the rate on 12 lea, with 3 cents for flax is shown, and we deducted the 3 cents for flax, and that leaves 10 cents, and we call that a relative of one. Then we went along up.

By referring to this little sheet you will see that at the present time the protection of 40 cents on 60 lea is four times that that we get on 12 lea; it only goes up four times 10 cents, or 40 cents, on 60 lea.

The figures are 8 cents and 32 cents, and under the proposed bill it increases from 10 cents to 32 cents.

That is only a relative increase of 3.40, while we had four times the protection under the old law.

With the proposed base rate of 13 cents, increasing  $1\frac{1}{4}$  cents a lea, and 60 lea would give us seven times the protection, while the cost is ten times as great. The  $1\frac{1}{4}$  cents seems to go fairly well along with the rate of increased cost. It looked to us like a practical way of doing the thing.

Senator SACKETT. What have been the importations of the different leas, taking them from 1 up to 60?

Mr. CRONIN. It is hard to tell.

Senator SACKETT. What has been your output; has it increased?

Mr. CRONIN. There again you would be concerned more with the value created. Since 60 lea takes ten times as much to produce, you would only have to produce that proportional amount.

Senator SACKETT. You do make 12 lea?

Mr. CRONIN. Yes.

Senator SACKETT. Under the present tariff of 1922 your business has gone satisfactorily ahead?

Mr. CRONIN. I would not say that.

Senator SACKETT. Has it fallen off?

Mr. CRONIN. Yes; way off.

Senator SACKETT. Is that due to the tariff, or is it due to lack of use?

Mr. CRONIN. It is due to the tariff.

Senator SACKETT. To the tariff?

Mr. CRONIN. Absolutely.

Senator SACKETT. What has been your experience with the 60 lea?

Mr. CRONIN. The same thing is true there. But it is less than on the coarser leas. On this other thread it means about  $19\frac{1}{2}$  lea. If it is finer than about 30 lea we really have not much of a chance. The only reason we can operate in Philadelphia is on account of the fact that the Ederer Thread Co. are the owners of a fish netting business in Chicago which uses the finer leas. They have absorbed our over-

head and operating costs, and in order not to have them stand absolutely idle we have operated for 35 per cent or 40 per cent and shipped to Chicago and they have really stood the loss.

Senator SACKETT. Why did they not buy the imported yarns?

Mr. CRONIN. Because the same family owns the two plants, and even if we bought the imported yarns we would still have the same equipment and organization in Philadelphia, and we could not save anything in that way; we could not stop that.

Senator SACKETT. But you would stop losing money on it.

Mr. CRONIN. If we shut it down we still have the rest of the machinery to run.

Senator SACKETT. According to your statement, if you need seven times in order to make a fifty or sixty lea and you are only getting four times, you would save a good deal of money by buying imported yarns.

Mr. CRONIN. If it were not for the fact that we had the mill and the machinery we would. If we did not have the mill we would be trying to make it.

Senator SACKETT. That is a pretty big difference, and to make that difference and use that mill, that is a pretty big loss to you, on your statement.

Mr. CRONIN. I do not know that I could explain it, but we really could not save a large part of it if we were to import that yarn, for the reason that the same auxiliary help around the mill are required, whether we run the fine frames or not.

Senator SACKETT. Taking out the auxiliary help around the mills, then you do not need seven times.

Mr. CRONIN. But we have the auxiliary help carrying along at a loss. If we could dispense with the superintendence and a lot of floor space and the investment, it would be true, but we are there equipped with the mill and have for a long while produced up to 60, and during these last six or eight years, or five or six years, it has been tough sledding.

Senator SIMMONS. How many people are engaged in the industry in this country?

Mr. CRONIN. I would rather not guess on that. I really do not know. There are a number of them that have a considerably bigger number than we do.

Senator SIMMONS. I mean making this particular article you are speaking about.

Mr. CRONIN. It would be a broad guess on my part, but I would guess around a thousand or twelve hundred people altogether.

Senator SIMMONS. In the United States, making this particular product.

Mr. CRONIN. Yes, sir.

Senator GEORGE. How many people in your plant?

Mr. CRONIN. We have now, I should say, about 125 to 150, and if we are running full tilt with the finer frames running, there are about 250.

Senator SIMMONS. Can you tell us what is the consumption in this country of that product?

Mr. CRONIN. The only figures I have here, for instance, scale up from 1909 to 1927. This was intended to show how they have dropped off, how the imports decreased. Take 1927; those are the last figures

on domestic production, and they show the domestic production of all flax yarns was 2,600,000.

Senator SIMMONS. That does not help me unless you have the domestic production in this particular item you are talking about. I am talking about the specific item referred to in this paragraph to which you are addressing yourself. What is the production in this country and what is the consumption in this country?

Mr. CRONIN. We really are talking about and are interested in all leas.

Senator SIMMONS. You are interested in all of them, but we are talking about this particular item that you want changed, on which you want the duty changed, and I think that it is important for us to know what is the production of that particular article, what there is in this country, and what is the consumption of that particular article in the United States.

Mr. CRONIN. Realizing that all ply yarns are made from single yarns, I just referred to single yarns and showed that the total domestic production in 1927 was 2,690,000 pounds. The imports were 2,717,000 pounds of single yarn more than the domestic production. If I am not mistaken, something like 57 per cent of all single yarns produced or used last year were imported, and 43 per cent was domestic production.

Senator SIMMONS. You said there were about 1,000 people employed in making this specific article.

Mr. CRONIN. I think so.

Senator SIMMONS. You can not tell us how much of that specific article is produced in this country and how much is imported. You can tell us about the group, how much of that and some other things combined is produced and how much is imported, but you are unable to tell us how much these 1,200 people that are employed you say in making this particular item produced in this country and how much of that particular item we have to buy abroad.

Mr. CRONIN. If by "particular item" you mean single flax yarns—

Senator SIMMONS. Yes.

Mr. CRONIN. Two million six hundred thousand pounds were produced in 1927 in this country.

Senator SIMMONS. Yes.

Mr. CRONIN. But when you speak about these 1,200 people, I do not get the question. I can not tell that by leas or by size.

Senator SIMMONS. I was not talking about how much 12 leas or 60 leas was produced. I was talking about how much of the whole product, starting at the first lea and going to the highest, was produced.

Mr. CRONIN. That was about 2,690,000 pounds; that would be the total.

I want to show how the production dropped off, and that is submitted in the brief.

(The following brief and summary were submitted by Mr. Cronin:)

BRIEF OF THE R. J. EDERER THREAD CO.

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

GENTLEMEN: The undersigned are interested and concerned with the tariff rates set forth in Schedule 10 and particularly with those mentioned in paragraphs 1001, 1004a, and 1004b.

Our concern operates a linen thread mill at Philadelphia where we produce all sizes of yarns, twines, and threads up to and including 60 lea. We are, therefore, vitally concerned with the degree of tariff protection accorded all of these leas and are anxious to present to your committee such information as we can in an endeavor to point out to you that the present specific rates applied to these items, as given in the law now in force as well as in the proposed bill, now under consideration, are inadequate.

The rate upon single yarns, as revised by the Ways and Means Committee of the House of Representatives has been increased from a specific base rate of 10 cents per pound on 12 lea to 13 cents per pound on 12 lea. This increase has been accorded to single yarn after a considerable amount of cost data had been submitted emphasizing the fact that the present rate of 10 cents was not at all adequate. The need for such increase is further emphasized by the fact that the duty upon that quality of flax known as "dressed line" has been increased under the new bill from 2 cents per pound to 3 cents per pound.

It is our endeavor at this time to convey to your committee the fact that, even though the specified rate of 13 cents provided a sufficient margin of protection at 12 lea, which it surely does not do, the finer leas should be accorded a degree of protection considerably in excess of the one-half of 1 cent per lea mentioned in the present law and also copied into the proposed bill.

In order to illustrate our point we are submitting a table showing the relative time and cost required in the production of 100 pounds of various leas ranging from 12 to 60 leas. It may be well to mention at this time that in the production of single yarn the major operation involved is that of spinning. While there are other operations required in such products, they may be considered as preparatory and auxiliary operations which do not require the machinery nor the labor that is involved in the spinning operation. In a machine of this type, the production of yarn can be and is well determined by calculating the speed of the rollers in the machine which delivers the finished product. The speed of the delivery rollers can be calculated to a relatively fine degree of accuracy by applying the following engineering formula, which consists of dividing the product of the driving elements by the product of the driven elements:

*Factors used in determining hourly production constant number for Combe Barbour and Mackie wet spinning frames*

$$\frac{200 \text{ r. p. m. of shaft} \times 60 \text{ min. (1 hr.)} \times 120 \text{ spindles on side} \times 26 \text{ tooth cylinder pinion} \times 8.7'' \text{ diameter of drawing roll}}{36'' \text{ (1 yd.)} \times 300 \text{ yds. (18'' diam. of frame pulley)} \times 114 \text{ tooth twist wheel} \times 120 \text{ tooth (120 tooth) dwg. roll wheel}}$$

$$\frac{200 \times 60 \times 120 \times 26 \times 8.7}{36 \times 300 \times 18 \times 114 \times 120} = \frac{188.5}{1539} = 0.122$$

This constant includes the fixed elements of the calculation. Hourly production in pounds is determined by multiplying this constant by the diameter of the drive pulley and by the teeth in the twist pinion, then dividing this product by the lea being spun.

We have prepared and are submitting herewith Schedule A showing the result of this calculation as applied to various leas ranging from 12 to 60 lea. We have, on this schedule, also converted the hourly production figures into the time in hours required to spin 100 pounds of each of the leas indicated. We have also inserted a relative time or cost figure against each lea using 12 lea as a basis. In this manner we have indicated that 12 lea which requires five hours to produce 100 pounds, carries a relative time and cost figure of 1.00, while 60 lea, which requires 50 hours to produce 100 pounds, carries a relative time and cost figure of 10.00. It is our thought that we can convey to you in this manner the ratio or relative cost of spinning each of the various leas indicated upon Schedule A in proportion to the cost of producing 12 lea.

**SCHEDULE A.—Single yarn, relative time and cost standards on modern type spinning frame**

[Constant 0.122]

| Finished lea | Shaft pulley | Twist pinion | Hourly production (pounds) | Hours per 100 pounds | Relative cost |
|--------------|--------------|--------------|----------------------------|----------------------|---------------|
| 12.....      | 30           | 66           | 20.0                       | 5.00                 | 100           |
| 18.....      | 32           | 52           | 11.3                       | 8.85                 | 177           |
| 20.....      | 32           | 50           | 9.75                       | 10.25                | 205           |
| 25.....      | 34           | 44           | 7.3                        | 13.61                | 272           |
| 30.....      | 36           | 40           | 5.8                        | 17.24                | 345           |
| 35.....      | 36           | 38           | 4.8                        | 20.83                | 417           |
| 40.....      | 36           | 36           | 3.9                        | 25.64                | 513           |
| 45.....      | 36           | 34           | 3.3                        | 30.30                | 606           |
| 50.....      | 36           | 32           | 2.8                        | 35.71                | 714           |
| 55.....      | 36           | 30           | 2.4                        | 41.67                | 833           |
| 60.....      | 36           | 28           | 2.0                        | 50.00                | 1,000         |

Since 12 lea is the point at which the specific rates begin to increase, and, since it is the one-half of 1 cent per lea increase in the rate of duty which we are contending is inadequate, we have prepared Schedule B showing a comparison of the relative duty and the relative time and cost figures for these leas. In the preparation of Schedule B we have considered that the base rate of 13 cents for 12 lea includes 3 cents per pound duty which we would pay on raw flax. Deducting this 3 cents from the 13-cent base rate leaves 10 cents per pound representing the degree of protection afforded the manufacturer in the production of 12 lea.

The specific rate, at the present time, increases one-half of 1 cent per lea for each lea finer than 12 up to and including 60 lea. Assigning to the 10-cent margin a relative value of 1.00 for 12 lea, we have tried to show in Schedule B what the ratio of protection afforded the manufacturer would be by increasing this rate 1½ cents per lea for each lea finer than 12.

**SCHEDULE B.—Comparison of relative cost with relative duty**

| Lea     | Relative cost per Schedule A | Present law, 10 cents at 12 lea plus ½ cent per lea |       | Proposed bill, 13 cents at 12 lea plus ½ cent per lea |       | We ask 13 cents at 12 lea plus 1½ cents per lea |       |
|---------|------------------------------|---|-------|---|-------|---|-------|
|         |                              | Manufacturing duty                                  | Ratio | Manufacturing duty                                    | Ratio | Manufacturing duty                              | Ratio |
| 12..... | 1.00                         | Cents 8   | 1.00  | Cents 10  | 1.00  | Cents 10  | 1.00  |
| 18..... | 1.77                         | 11  | 1.37  | 13  | 1.30  | 17½   | 1.75  |
| 20..... | 2.05                         | 12  | 1.50  | 14  | 1.40  | 20  | 2.00  |
| 25..... | 2.72                         | 14½   | 1.82  | 16½   | 1.65  | 26½   | 2.62  |
| 30..... | 3.45                         | 17  | 2.12  | 19  | 1.90  | 32½   | 3.25  |
| 35..... | 4.17                         | 19½   | 2.44  | 21½   | 2.15  | 38½   | 3.87  |
| 40..... | 5.13                         | 22  | 2.75  | 24  | 2.40  | 45  | 4.50  |
| 45..... | 6.06                         | 24½   | 3.06  | 26½   | 2.65  | 51½   | 5.12  |
| 50..... | 7.14                         | 27  | 3.37  | 29  | 2.90  | 57½   | 5.75  |
| 55..... | 8.33                         | 29½   | 3.67  | 31½   | 3.15  | 63½   | 6.38  |
| 60..... | 10.00                        | 32  | 4.00  | 34  | 3.40  | 70  | 7.00  |

**NOTE.**—"Relative cost" is simply an index to time required to produce each lea. It is not the cost in dollars and cents.

Briefly stated, the relative cost of 60 lea is ten times that of 12 lea. The present specific rate of 13 cents for 12 lea increased one-half of 1 cent per lea provides only 3.4 times as much duty at 60 lea.

Since the relative production cost is ten times as high, we feel that the relative duty should be approximately the same. By increasing the rate 1½ cents each lea, the duty will still be only seven times as great at 60 lea. As a matter of fact, the law now in force gives an increase of four times the base rate at 60 lea. The present rate being 10 cents minus 2 cents for flax leaves 8 cents manufacturing protection; with 32 cents provided at 60 lea.

In addition to the above with reference to paragraph 1004a, we wish to call to your attention the fact that a maximum rate of ad valorem duty of 37½ cents is prescribed for all single yarns; no such maximum is provided for ply yarns, twines, and threads in paragraph 1004b. We do not understand why such a limit is fixed upon single yarn and omitted for ply yarns, threads, and twines.

It is our belief and contention that no such maximum rate need be provided in either instance if a proper and adequate specific rate table is employed. This would mean that the committee recognize the fact that ply yarns, threads, and twines, also cords, increase in cost almost identically with the lea of the single yarn of which they are twisted. While naturally a substantial differential is required to represent the extra operations involved in twisting, the rate per lea of increase above the base rate should be the same for either single or twisted yarns.

Therefore, when we show the ratio or relative cost increase in single yarns, these same ratios may safely be used in determining the rate for ply yarns, threads, and twines. If 1¼ cents per lea is a reasonable rate of increase above 13 cents from 12 lea (singles) then 1½ cents per lea increase from 21¼ cents at 11 lea is certainly justified for ply yarns, threads, and twines in paragraph 1004b.

We respectfully submit that the paragraphs in question, 1004a and 1004b, should be constructed as follows:

"PAR. 1004. (a) Single yarns, in the gray, of flax, hemp, or ramie or a mixture of any of them, not finer than twelve lea, 13 cents per pound and 1¼ cents per pound additional for each lea or part of a lea in excess of twelve; finer than sixty lea, 3 cents per pound plus 30 per centum ad valorem; and in addition thereto, on any of the foregoing yarns, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound: *Provided*, That the duty on any of the foregoing yarns not finer than sixty lea shall not be less than 3 cents per pound plus 30 per centum ad valorem.

"(b) Threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together, the size of the single yarn of which is not finer than eleven lea, 21¼ cents per pound; finer than eleven lea and not finer than sixty lea, 21¼ cents per pound and 1½ cents per pound additional for each lea or part of a lea in excess of eleven; finer than sixty lea, 3 cents per pound plus 35 per centum ad valorem; and in addition thereto on any of the foregoing threads, twines, and cords, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall not be less than 3 cents per pound plus 35 per centum ad valorem."

In closing we might suggest the thought that we would be glad to defray any reasonable expense of having an audit or check made upon the data and formula which we are submitting, made by the Tariff Commission or any certified public accountant or any such agency as your committee might care to designate. This thought is merely prompted by our desire to assure you of our sincerity and anxiety to present these facts as conscientiously as possible and constitutes an appeal to you gentlemen to save an established American industry from complete destruction.

Respectfully submitted.

R. J. EDERER THREAD CO.,  
CLARENCE L. EDERER,  
*Secretary-Treasurer.*

R. J. EDERER THREAD CO.

One-half of the equipment of our mill is now and has been idle for the past several years due to inadequate tariff protection on the finer leas of yarns and threads. If no future relief is provided, we will be forced to discontinue the manufacture of linen threads in the United States. The constantly decreasing demand and alarming increase of imports in all sizes will ultimately force all linen-thread manufacturers out of business.

The present law, as well as the new Hawley bill, are both decidedly inconsistent, in view of the fact that they give their lowest protection on higher-quality yarns but afford their maximum rate on low-quality yarns, which condition should be reversed. This condition is taken care of by our proposed changes. (See Schedules A and B.)

| Year      | Domestic production | Year      | Imports of single yarn | Year      | Imports of thread and twine |
|-----------|---------------------|-----------|------------------------|-----------|-----------------------------|
| 1909..... | 6,530,503           | 1910..... | 1,440,452              | 1909..... | 446,594                     |
| 1914..... | 5,707,668           | 1915..... | 2,683,615              | 1914..... | 784,936                     |
| 1919..... | 4,279,264           | 1920..... | 1,354,860              | 1920..... | 423,021                     |
| 1923..... | 4,063,670           | 1923..... | 2,546,833              | 1923..... | 525,178                     |
| 1925..... | 2,814,607           | 1925..... | 2,649,121              | 1925..... | 707,501                     |
| 1927..... | 2,619,584           | 1926..... | 2,717,872              | 1926..... | 714,870                     |

**STATEMENT OF MALCOM B. STONE, REPRESENTING LUDLOW MANUFACTURING ASSOCIATES, LUDLOW, MASS.**

(Flax yarns and thread, par. 1004)

Mr. STONE. May I speak about paragraph 1004—flax, flax yarn, and so on? There is a peculiar situation in the spinning of flax in this country. According to the Tariff Commission, over 53 per cent of all the flax yarns consumed in this country are imported.

Senator SACKETT. How many?

Mt. STONE. Over 53 per cent of all the yarns consumed in this country are imported, in flax yarns. Foreign imports have increased 24 per cent since the Payne-Aldrich Act went into force, in the face of a decline in domestic consumption of over 50 per cent. At the present time foreign yarns can be landed in New York duty and freight paid for less than the domestic cost of manufacture; that is, for less than we—Ludlow Manufacturing Associates—can manufacture in this country.

The net protection given to linen yarns of the sizes and quality manufactured in this country is approximately 22 per cent. That given by the Underwood Act of 1913 was 20 per cent. Prior tariffs which in no case contained higher duties on the raw material, provided the following duties on linen yarns: Act of 1883, 35 per cent; 1890, 45 per cent; 1894, 35 per cent; 1897, 40 per cent; 1909, 40 per cent.

The writing of the paragraph covering flax yarns and threads was in my opinion under a misapprehension of the facts. The specific duties provided in that paragraph are applicable to less than one-half of the flax yarn and to less than one-third of the flax thread. The maximum ad valorem duties apply only to the cheaper yarns, and the minimum ad valorem duties apply to all of the better grades of yarns and to two-thirds of the better grades of threads. In other words, the conditions existing in the flax spinning industry, in which more than half of the yarns are imported, and the low grade ones pay 35 per cent, approximately, while the high grade yarns pay only 25 per cent. That seems to be a very peculiar situation, indeed.

Senator SACKETT. You are referring to paragraph (a) of section 1004?

Mr. STONE. I am referring to paragraphs (a) and (b).

Senator SACKETT. The first one is raised to 13 cents per pound specific duty.

Mr. STONE. Yes; that is specific.

Senator SACKETT. What is that equivalent to in the way of an ad valorem duty, do you know?

Mr. STONE. I have that figured out here somewhere—well, in the matter of an ad valorem duty we have to take the price of the yarn. On any size of yarn spun in this country, say a 12-lea yarn, a 13-cent

duty on 21.33 cents or, say, 22 cents for foreign price yarn, it figures a 65 per cent duty.

Senator SACKETT. And from that it goes down to what?

Mr. STONE. But that duty is not assessed because of the limitation of the existing law of 35 per cent and in the proposed tariff bill of 37½ per cent.

That same size yarn, of high quality, such as we use in shoe threads in this country, is worth nearly 60 cents a pound. How is it possible to have an equitable specific duty on yarns which may range in price from 22 cents to 60 cents? That is our contention.

We ask that the method of assessing a duty on these yarns be changed to read:

Single yarns in the gray of flax, hemp, or ramie or a mixture of any of them, not finer than 60 lea, 3 cents per pound plus 30 per centum ad valorem—

The 3 cents per pound is because there is a duty of 3 cents a pound on flax—

finer than 60 lea, 25 per centum ad valorem, and in addition thereto on any of the foregoing yarns when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound.

With reference to the 60-lea recommendation, that is because there are no finer yarns spun in this country, so far as I know.

Senator SACKETT. That is the way the present bill reads.

Mr. STONE. Yes, sir. But our recommendation is to change the specific rates of duty to ad valorem, with a combination specific rate of 3 cents per pound plus 30 per cent ad valorem, the protection coming to the spinner in this country being merely 30 per cent, because the 3 cents a pound is what we have to pay.

Senator BINGHAM. If we should make that change what difference would it make in reference to the coarser yarns?

Mr. STONE. It will give to high-grade yarns such as we are chiefly interested in our spinning that added protection.

Senator BINGHAM. How much?

Mr. STONE. An increase from 26 per cent to 30 per cent.

Senator SACKETT. An addition of about 4 per cent?

Mr. STONE. I beg your pardon, but we are not getting a total duty on these yarns of 25 to 26 per cent on the bulk of them. Some of them come in at specific rates, but in making this rate it will give us a specific duty of 3 cents a pound, because we have to pay that on our flax anyhow, and 30 per cent ad valorem.

Senator SACKETT. How much is 3 cents added to the 30 per cent ad valorem?

Mr. STONE. On high-grade flax such as is used there it would amount to as much as 6 to 7 per cent.

Senator SACKETT. It would raise it from 13 cents per pound to about 37 per cent ad valorem, or in other words a 25 per cent increase.

Senator BINGHAM. But, Senator Sackett, there is a proviso at the bottom of the paragraph which says there shall be no duties of more than 37½ per cent ad valorem.

Senator SACKETT. Would it not fix you up if we left all this out and put it 37½ per cent as provided in the proviso at the end of the paragraph, and make it read: "None of these duties shall be less than 27½ per cent nor more than 37½ per cent ad valorem."

Mr. STONE. If you said not less than 37½ per cent ad valorem it would accomplish everything I am asking.



Senator GREENE. Is there anything else you wish to present?

Mr. STONE. The point I would make is that yarns which vary so much in price, take the 16-lea yarn, another case, which is the number we spin, and you can buy a cheap low-grade tow yarn of 16 lea for 27 cents a pound. The specific duty as provided for is excessive, and the result is that it is limited by the maximum clause in the bill. On the other hand, yarns that really compete with my product cost 65 cents a pound, and a specific duty only equal to 23 per cent is what we have. And it is therefore raised to the minimum of 25 per cent under the existing law. Here is a case where ad valorem rates are now being assessed on nearly two-thirds of all imports, and it is only putting ad valorem duties on the other one-third of the imports.

May I file this brief on flax?

Senator GREENE. That may be filed.

(The brief referred to is as follows:)

BRIEF OF THE LUDLOW MANUFACTURING ASSOCIATES, LUDLOW, MASS.

Schedule 10, paragraph 1004, as it appears in the tariff act of 1922, in H. R. 2667 (proposed tariff).

TARIFF ACT OF 1922

Single yarns, in the gray, made of flax, hemp, or ramie, or a mixture of any of them, not finer than 12 lea, 10 cents per pound; finer than 12 lea and not finer than 60 lea, 10 cents per pound and one-half of 1 cent per pound additional for each lea or part of a lea in excess of 12; finer than 60 lea, 35 cents per pound; and in addition thereto, on any of the foregoing yarns when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, 5 cents per pound: *Provided*, That the duty on any of the foregoing yarns shall not be less than 25 nor more than 35 per centum ad valorem.

Threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together, the size of the single yarn of which is not finer than 11 lea, 18½ cents per pound; finer than 11 lea and not finer than 60 lea, 18¼ cents per pound and three-fourths of 1 cent per pound additional for each lea or part of a lea in excess of 11; finer than 60 lea, 56 cents per pound; and in addition thereto, on any of the foregoing threads, twines, and cords, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, 5 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall not be less than 30 per centum ad valorem.

H. R. 2667

Single yarns, in the gray, of flax, hemp, or ramie, or a mixture of any of them; not finer than 12 lea, 13 cents per pound; finer than 12 lea and not finer than 60 lea, 13 cents per pound and one-half of 1 cent per pound additional for each lea or part of a lea in excess of 12; finer than 60 lea, 25 per centum ad valorem; and in addition thereto, on any of the foregoing yarns, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound: *Provided*, That the duty on any of the foregoing yarns not finer than 60 lea shall not be less than 27½ nor more than 37½ per centum ad valorem.

(b) Threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together, the size of the single yarn of which is not finer than 11 lea, 21¼ cents per pound; finer than 11 lea and not finer than 60 lea, 21¼ cents per pound and three-fourths of 1 cent per pound additional for each lea or part of a lea in excess of 11; finer than 60 lea, 59 cents per pound; and in addition thereto on any of the foregoing threads, twines, and cords, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall not be less than 32½ per centum ad valorem.

(c) There shall not be classified under this paragraph any twines or cords composed of three or more strands, each strand composed of two or more yarns, if such twines or cords are wholly or in chief value of flax or ramie and three-sixteenths of 1 inch or more in diameter, or wholly or in chief value of hemp and one-eighth of 1 inch or more in diameter.

## RANGE OF PRICES

(1) The only change in rates made by H. R. 2667 is to increase the specific duties by 3 cents and the ad valorem maximum and minimum by  $2\frac{1}{2}$  per cent—making them  $27\frac{1}{2}$  per cent and  $37\frac{1}{2}$  per cent, respectively—to compensate for increased duties on raw materials. The net protection remains the same. The manufacturers are willing to accept the duty on the raw materials contained in paragraph 1001.

(2) This paragraph was written under a misapprehension of fact. In fact the specific duties are applicable to less than one-half of the flax yarns and less than one-third of the flax threads. The maximum ad valorem duties apply only to cheap yarns and the minimum ad valorem duties apply to all the better grade of yarns and to two-thirds of the threads.

(3) According to Tariff Commission figures 53.4 per cent of the linen yarn consumed in the country is imported. Foreign imports have increased 24 per cent since the Payne-Aldrich Act in the face of a decline in domestic consumption of 50 per cent. At the present time foreign yarns can be landed in New York duty and freight paid for less than the domestic cost of manufactures.

(4) The net protection given to linen yarns of the sizes and quality manufactured in this country is approximately 22 per cent; that given by the Underwood Act of 1913 was 20 per cent. Prior tariffs which in no case contained higher duties on the raw material, provided the following duties on linen yarns: Act of 1883, 35 per cent; 1890, 45 per cent; 1894, 35 per cent; 1897, 40 per cent; 1909, 40 per cent. The American industry has received no relief from the drastic cut in duty made by the Underwood Act and has suffered severely in consequence.

## RECOMMENDED

Single yarns in the gray of flax, hemp, or ramie or a mixture of any of them, not finer than 60 lea, 3 cents per pound plus 30 per centum ad valorem; finer than 60 lea, 25 per centum ad valorem; and in addition thereto on any of the foregoing yarns, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound.

(b) Threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted or braided together, 3 cents per pound plus 35 per centum ad valorem; and in addition thereto on any of the foregoing threads, twines, and cords, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound.

(c) There shall not be classified under this paragraph any twines or cords composed of three or more strands, each strand composed of two or more yarns, if such twines or cords are wholly or in chief value of flax or ramie and three-sixteenths of one inch or more in diameter, or wholly or in chief value of hemp and one-eighth of one inch or more in diameter.

COMMITTEE ON FINANCE,  
*United States Senate.*

GENTLEMEN: The undersigned Ludlow Manufacturing Associates, through their subsidiaries, J. E. Barbour-Allentown Corporation, Paterson, N. J., and Smith & Dove Division, Andover, Mass., manufacture approximately 30 per cent of the linen yarns, threads, and twines produced in the United States.

Ludlow Manufacturing Associates earnestly recommend to the Senate Finance Committee that the duties upon linen yarns and threads contained in paragraph 1004 of schedule 10 of H. R. 2667 are not adequate to protect and insure the continuance of the American linen yarn and thread industry and that the basis upon which these duties are proposed to be levied is not sound, because—

1. As reported by the Tariff Commission 53.4 per cent of the linen yarn consumed in the United States in the year 1927 was imported yarn. Also, as reported by the Tariff Commission, imports of linen yarn and thread in the past decade have substantially increased, while the amount of linen yarn and thread produced in the United States has substantially declined.

2. The protection upon linen yarns and threads was drastically reduced by the Underwood Act of 1913, and (in view of the duty upon hackled flax) no relief has been given by the act of 1922 or the proposed act of 1929.

3. As reported by the Tariff Commission, the specific duties on linen yarns, first imposed in the act of 1922, are inoperative upon more than half the imports.

The maximum and minimum ad valorem rates operate to impose the highest rate of duty upon low-grade yarns and the lowest rate of duty on high-grade yarns.

We attach hereto a schedule, marked "Schedule 1" showing in parallel columns paragraph 1004, schedule 10, as it appears (1) in the tariff act of 1922; (2) in the proposed tariff act of 1929, H. R. 2667; and (3) as we recommend that it be amended by the Senate committee.

- (1) WITH MORE THAN HALF THE LINEN YARNS CONSUMED IN THE UNITED STATES CONSISTING OF FOREIGN YARNS AND WITH IMPORTS INCREASING WHILE DOMESTIC MANUFACTURES DECREASE, THE YARNS COMPRISED WITHIN PARAGRAPH 1004 SHOULD RECEIVE NET PROTECTION OF AT LEAST 30 PER CENT AND THE THREADS AT LEAST 35 PER CENT.

The Tariff Commission reports that in 1927 53.4 per cent of the linen yarn consumed in the United States was of foreign production. It states (Summary of Tariff Information, 1929, p. 1627):

"The quantity of linen yarn consumed in the United States in 1927 is estimated at 6,204,864 pounds. This estimate is arrived at by (1) converting the domestic production of all-linen woven goods from square yards to pounds on the basis of 6½ ounces to the square yard; (2) adding the weight of linen thread—on the assumption that a pound of thread contains a pound of yarn; (3) adding the weight of linen yarn purchased by wool carpet and rug manufacturers; and (4) adding the weight of linen yarn imported. As imports of linen yarn in 1927 amounted to 3,314,887 pounds, it can be estimated that the domestic production was 2,889,977 pounds in that year."

Upon the same page of its report the commission gives the figures for the average yearly importation of linen yarns and threads under each of the last three tariff acts, which are as follows:

| Act of—   | Average yearly importation of single yarns (pounds) | Average yearly importation of threads, twines, and cords (pounds) | Total     |
|-----------|---|---|-----------|
| 1909..... | 1,982,774   | 593,356   | 2,576,130 |
| 1913..... | 2,307,979   | 496,818   | 2,804,797 |
| 1922..... | 2,593,397   | 593,107   | 3,186,504 |

This increasing importation of yarns and threads has been in the face of a drastic reduction in the consumption of linen yarns and threads on account of the competition of other fibers (for instance, in 1914, 6,492,604 pounds of linen thread were consumed in this country as against 3,171,332 pounds in 1927).<sup>1</sup> The fact is, therefore, that foreign yarns and threads have been supplying an ever-increasing proportion of the American market and the American industry has been correspondingly declining.

In regard to competitive conditions the Tariff Commission reports (Summary of Tariff Information, 1929, pp. 1628-1629):

"Machines for spinning flax, hemp, and ramie yarns are not manufactured in the United States. This type of textile machinery imported into the United States is subject to an ad valorem duty of 35 per cent. The American manufacturer is therefore at an initial disadvantage as compared with foreign producers in his cost of machinery. Higher labor costs in the United States constitute another disadvantage, as does the fact that by far the larger part of the raw flax used, about one-half of the hemp, and all of the small quantity of ramie is imported, and the flax and hemp are both dutiable."

At the present time it is a fact that linen yarns can be landed in the United States, duty and freight paid, for no more, and in most cases for less, than the cost of spinning yarns of the same quality and size in this country.

<sup>1</sup> These figures which represent domestic production plus imports for consumption are taken from the following reports of the Tariff Commission: Tariff Information Survey, J-1, 1921, p. 57; Summary of Tariff Information, 1929, pp. 1627 and 1628.

(2) PROTECTION UPON YARNS AND THREADS OF FLAX WAS DRASTICALLY REDUCED BY THE TARIFF ACT OF 1913, AND NO RELIEF HAS BEEN GIVEN BY EITHER THE TARIFF ACT OF 1922 OR THE PROPOSED TARIFF ACT OF 1929

Under the tariff acts in effect prior to 1913—with duties upon hackled flax in no case greater than the duty of 3 cents per pound proposed in H. R. 2667, paragraph 1001—the following ad valorem duties were imposed upon single yarns of flax:

| Act of—   | Paragraph | Rate (per cent) |
|-----------|-----------|-----------------|
| 1883..... | 335       | 35              |
| 1890..... | 370       | 45              |
| 1894..... | 274       | 35              |
| 1897..... | 331       | 40              |
| 1909..... | 341       | 40              |

In the act of 1913 hackled flax was put on the free list and the duty on linen yarns reduced by one-half, that is, to 20 per cent ad valorem.

The act of 1922 and H. R. 2667 give no relief from the drastic reduction in duty brought about by the Underwood bill. The inevitable consequences of this have been noted above in the figures of foreign imports and domestic production. The net protection upon single linen yarns of flax of the quality produced by Ludlow Manufacturing Associates, is given in a schedule (marked "Schedule 2") attached hereto. (We have taken British prices and sizes from 10 to 40 lea because the Tariff Commission reports "Flax-yarn imports originate principally in the United Kingdom and consist largely of counts under 40 lea.") The sizes of yarns which comprise 68 per cent of the imported yarns are from 10 lea to 20 lea, inclusive. (Summary of Tariff Information, 1929, p. 1628.) Schedule 2 shows that, at present prices, the House bill would give a net protection to yarns of the grade manufactured by Ludlow, of from 21.41 per cent on 10 lea yarns to 22.70 per cent on 20 lea yarns. As stated above under these duties foreign yarns can be landed in this country, duty paid, for no more, indeed for less in most cases, than the American cost of manufacture.

Exactly the same situation exists in regard to linen thread. The tariff act of 1922 increased the minimum duty on these threads (which in 1927 was applicable to threads valued at \$411,105 out of total thread imports valued at \$598,382) by 5 per cent over the duty of 25 per cent ad valorem imposed by the act of 1913. However, this apparent increase was negated by removing hackled flax from the free list and imposing a duty of 2 cents a pound upon it. The same is true of the House bill. A minimum duty of 32½ per cent is imposed on these threads but the duty upon hackled flax is increased to 3 cents per pound.

In short, the duties upon flax yarns and threads imposed by paragraph 1004 (a) and (b) of the House bill are in no sense protective duties. The American linen yarn and thread industry can not recover the ground lost since the act of 1913 went into effect unless net duties of at least 30 per cent are imposed on yarns and 35 per cent upon threads.

(3) THE DUTIES IMPOSED UPON THE YARNS AND THREADS COMPRISED WITHIN PARAGRAPH 1004 SHOULD BE MADE UP OF A SPECIFIC DUTY OF 3 CENTS A POUND TO COMPENSATE FOR THE DUTY ON HACKLED FLAX, PLUS AD VALOREM DUTIES

(a) *The compensatory duty should be specific.*—The specific duty of 3 cents per pound which we recommend to be placed on all yarns and threads in paragraph 1004, in combination with an ad valorem duty, is purely compensatory for the 3 cent per pound specific duty imposed on hackled flax by paragraph 1001.

The house bill similarly increases the specific duties on yarns and threads by 3 cents, and the maximum and minimum ad valorem duties by 2½ per cent, to compensate for the duty on the raw material. The subcommittee of the Ways and Means Committee said in this regard (H. Rept., No. 7, p. 99):

"In paragraph 1004 it is proposed that higher rates of duty be provided on flax, hemp, or ramie yarns coarser than 60 lea to compensate for the proposed higher rate on raw flax."

The 3 cent per pound compensatory duty recommended to be placed on yarns and threads does not, in fact, compensate for the 3 cent per pound duty on

hackled flax since it takes substantially more than a pound of hackled flax to make a pound of linen yarn or thread on account of the wastage in manufacture.

(b) *The protective duties as distinguished from the compensatory duty, should be ad valorem.*—Prior to the act of 1922 the duties on yarns of flax, hemp, and ramie had been ad valorem duties.

Paragraph 1004 (a) as it appears in the House bill follows in form the same paragraph of the 1922 act. This paragraph, for the first time, imposed specific duties upon flax, hemp, and ramie yarns, increasing with the fineness of the yarn, but contained maximum and minimum ad valorem duties as well.

This structure of the paragraph was unprecedented and is unscientific and unsound on account of the great variation in quality and in price of flax yarns of the same size. The paragraph has operated to impose upon the cheaper yarns the maximum ad valorem rate, and upon the higher priced yarns the minimum ad valorem rate. This is, of course, the exact reverse of what was intended.

The Tariff Commission has prepared an "Analysis of Tariff Duties on Textile Imports in 1927, Schedule 10." This analysis shows that under paragraph 1004, 57 per cent in value of all imports came in under ad valorem duties and only 43 per cent at specific rates. The figures are as follows:

|                      | Dutiable under minimum ad valorem rates | Dutiable under maximum ad valorem rates | Dutiable at specific rates |
|----------------------|---|---|----------------------------|
| Single yarns.....    | \$250, 848                              | \$405, 151                              | \$633, 511                 |
| Threads, twines..... | 411, 105                                |   | 187, 277                   |
| Total.....           | 661, 953                                | 405, 151                                | 820, 788                   |

Thus the specific duties are inoperative as to substantially more than one-half the imports. An analysis made by us indicates that practically the same result is true of the years 1922 to 1926, inclusive.

Furthermore, it is true that the maximum rates are the rates applicable to the lower quality and priced yarns and the minimum rates are applicable to the higher quality and priced yarns. Only the medium grades are dutiable at specific rates. We attach hereto a schedule (marked "Schedule 3") showing the gross duties under the House bill applicable to six grades of linen yarn ranging from the lowest grade to the highest. It is seen from this schedule that the two lowest grades (Nos. 6 and 5) are dutiable at the maximum rate of 37½ per cent ad valorem, the two medium grades are dutiable at specific rates in the lower counts and the maximum rate in the higher counts, and the highest grades (Nos. 2 and 1) are almost entirely dutiable at the minimum rate of 27½ per cent ad valorem.

Clearly such a result is unscientific and unsound from the viewpoint of both manufacturer and importer. A single ad valorem duty imposing the same rate of duty upon all yarns would be fair to both the domestic manufacturer and the importer. There is no administrative difficulty in collecting ad valorem duties upon linen yarns. Such duties were always collected prior to 1922, and since that time more than half the duty collected has been upon an ad valorem basis. Dundee and Belfast prices upon various grades of linen yarns are currently published in such papers as Dundee Prices Current, Belfast News Letter, Linen Trade Journal, so that there is little opportunity for undervaluation. The ad valorem basis is practicable and we believe that it is sound and fair.

What has been said of yarns is similarly true of threads. The specific duties provided by section 1004 are imposed only on the cheapest grades of thread. The great bulk of the imports come in under the minimum ad valorem rate. Here again a single ad valorem rate would be the sound and correct duty since threads are merely the next step in manufacture beyond yarns. There should be at least a 5 per cent differential between the duty upon single yarns of a certain grade and size and the duty upon threads which are made therefrom. This can only be achieved by imposing ad valorem duties.

#### CONCLUSION

Since 1913 the business of the American linen yarn and thread industry has been drastically curtailed. During the same period foreign imports have increased until in 1927 they supplied 53.4 per cent of the American market. Since 1913 the

lowest duties ever imposed upon linen yarns and threads have been in effect. Neither the tariff act of 1922 nor House bill 2667 affords any relief to the American manufacturer. Not only are the rates destructive to the American industry but the structure of the paragraph is unsound, imposing the highest duties on the cheapest yarns, and vice versa. We, therefore, urge upon the Senate Finance Committee that it adopt the recommendations contained herein.

Respectfully submitted.

LUDLOW MANUFACTURING ASSOCIATES,  
Ludlow, Mass.

#### SCHEDULE 1

Schedule 10, paragraph 1004, as it appears in the tariff act of 1922, in H. R. 2667 (proposed tariff act of 1929), and as we recommend, is as follows:

#### TARIFF ACT OF 1922

Single yarns, in the gray, made of flax, hemp, or ramie, or a mixture of any of them, not finer than 12 lea, 10 cents per pound; finer than 12 lea and not finer than 60 lea, 10 cents per pound and one-half of 1 cent per pound additional for each lea or part of a lea in excess of 12; finer than 60 lea, 35 cents per pound; and in addition thereto, on any of the foregoing yarns when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, 5 cents per pound: *Provided*, That the duty on any of the foregoing yarns shall not be less than 25 nor more than 35 per centum ad valorem.

Threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together, the size of the single yarn of which is not finer than 11 lea, 18½ cents per pound; finer than 11 lea and not finer than 60 lea, 18½ cents per pound and three-fourths of 1 cent per pound additional for each lea or part of a lea in excess of 11; finer than 60 lea, 56 cents per pound; and in addition thereto, on any of the foregoing threads, twines, and cords when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, 5 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall not be less than 30 per centum ad valorem.

#### H. R. 2667

Single yarns, in the gray, of flax, hemp, or ramie, or a mixture of any of them, not finer than 12 lea, 13 cents per pound; finer than 12 lea and not finer than 60 lea, 13 cents per pound and one-half of 1 cent per pound additional for each lea or part of a lea in excess of 12; finer than 60 lea, 25 per centum ad valorem; and in addition thereto, on any of the foregoing yarns, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound: *Provided*, That the duty on any of the foregoing yarns not finer than 60 lea shall not be less than 27½ nor more than 37½ per centum ad valorem.

(b) Threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together, the size of the single yarn of which is not finer than 11 lea, 21½ cents per pound; finer than 11 lea and not finer than 60 lea, 21½ cents per pound and three-fourths of 1 cent per pound additional for each lea or part of a lea in excess of 11; finer than 60 lea, 59 cents per pound; and in addition thereto on any of the foregoing threads, twines, and cords, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound: *Provided*, That the duty on the foregoing threads, twines, and cords shall not be less than 32½ per centum ad valorem.

(c) There shall not be classified under this paragraph any twines or cords composed of three or more strands, each strand composed of two or more yarns, if such twines or cords are wholly or in chief value of flax or ramie and three-sixteenths of 1 inch or more in diameter, or wholly or in chief value of hemp and one-eighth of 1 inch or more in diameter.

#### RECOMMENDED

Single yarns in the gray of flax, hemp, or ramie, or a mixture of any of them, not finer than 60 lea, 3 cents per pound plus 30 per centum ad valorem; finer than 60 lea, 25 per centum ad valorem; and in addition thereto on any of the foregoing yarns, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound.

(b) Threads, twines, and cords, composed of two or more yarns of flax, hemp or ramie, or a mixture of any of them, twisted or braided together, 3 cents per pound plus 35 per centum ad valorem; and in addition thereto on any of the foregoing threads, twines, and cords, when boiled, 2 cents per pound; when bleached, dyed, or otherwise treated, whether or not boiled, 5 cents per pound.

(c) There shall not be classified under this paragraph any twines or cords composed of three or more strands, each strand composed of two or more yarns, if such twines or cords are wholly or in chief value of flax or ramie and three-sixteenths of 1 inch or more in diameter, or wholly or in chief value of hemp and one-eighth of 1 inch or more in diameter.

### SCHEDULE 2

*Net protection afforded on single flax line yarns in the gray by duties proposed in H. R. 2667, Schedule 10, paragraph 1004*

| Size (lea) | Foreign value (cents per pound) | Duty                      | Cents per pound of finished product |                              |                           | Net protection afforded (ad valorem equivalent per cent) |
|------------|---------------------------------|---------------------------|-------------------------------------|------------------------------|---------------------------|--|
|            |                                 |                           | On finished yarn                    | On raw material <sup>1</sup> | Net duty on finished yarn |  |
| 10.....    | 56.06                           | Specific.....             | 13.00                               | 3.41                         | 9.59                      | .....  |
|            |                                 | 27½ per cent minimum..... | 15.41                               | 3.41                         | 12.00                     | 21.41  |
| 12.....    | 59.80                           | Specific.....             | 13.00                               | 3.41                         | 9.59                      | .....  |
|            |                                 | 27½ per cent minimum..... | 16.45                               | 3.41                         | 13.04                     | 21.81  |
| 14.....    | 61.26                           | Specific.....             | 14.00                               | 3.41                         | 10.59                     | .....  |
|            |                                 | 27½ per cent minimum..... | 16.85                               | 3.41                         | 13.44                     | 21.94  |
| 16.....    | 64.93                           | Specific.....             | 15.00                               | 3.41                         | 11.59                     | .....  |
|            |                                 | 27½ per cent minimum..... | 17.86                               | 3.41                         | 14.45                     | 22.25  |
| 18.....    | 67.48                           | Specific.....             | 16.00                               | 3.41                         | 12.59                     | .....  |
|            |                                 | 27½ per cent minimum..... | 18.58                               | 3.41                         | 15.17                     | 22.48  |
| 20.....    | 71.02                           | Specific.....             | 17.00                               | 3.41                         | 13.59                     | .....  |
|            |                                 | 27½ per cent minimum..... | 19.53                               | 3.41                         | 16.12                     | 22.70  |
| 22.....    | 71.87                           | Specific.....             | 18.00                               | 3.41                         | 14.59                     | .....  |
|            |                                 | 27½ per cent minimum..... | 19.78                               | 3.41                         | 16.35                     | 22.75  |
| 25.....    | 75.32                           | Specific.....             | 19.50                               | 3.41                         | 16.09                     | .....  |
|            |                                 | 27½ per cent minimum..... | 20.71                               | 3.41                         | 17.30                     | 22.97  |
| 30.....    | 80.26                           | Specific.....             | 22.00                               | 3.41                         | 18.59                     | .....  |
|            |                                 | 27½ per cent minimum..... | 22.07                               | 3.41                         | 18.66                     | 23.25  |
| 40.....    | 94.23                           | Specific.....             | 27.00                               | 3.41                         | 23.59                     | 25.03  |
| 50.....    | 109.89                          | do.....                   | 32.00                               | 3.41                         | 28.59                     | 26.02  |
| 60.....    | 127.17                          | do.....                   | 37.00                               | 3.41                         | 33.59                     | 26.41  |

<sup>1</sup> Shrinkage in manufacture estimated at 12 per cent.

SCHEDULE 3

Incidence of proposed duties (H. R. 2667) on flax yarns in the grey

| Size (lea) | Proposed specific duty (cents per pound) | Quality 6               |  |                            | Quality 5               |  |                            | Quality 4               |  |                            | Quality 3               |  |                            | Quality 2               |  |                            | Quality 1               |  |                            |
|------------|--|-------------------------|--|----------------------------|-------------------------|--|----------------------------|-------------------------|--|----------------------------|-------------------------|--|----------------------------|-------------------------|--|----------------------------|-------------------------|--|----------------------------|
|            |  | Value (cents per pound) | Ad valorem equivalent of specific duty | Ad valorem duty applicable | Value (cents per pound) | Ad valorem equivalent of specific duty | Ad valorem duty applicable | Value (cents per pound) | Ad valorem equivalent of specific duty | Ad valorem duty applicable | Value (cents per pound) | Ad valorem equivalent of specific duty | Ad valorem duty applicable | Value (cents per pound) | Ad valorem equivalent of specific duty | Ad valorem duty applicable | Value (cents per pound) | Ad valorem equivalent of specific duty | Ad valorem duty applicable |
| 6          | 13.00                                    |                         |  |                            | 23.59                   | 55.11                                  | 1 37.50                    | 37.03                   | 35.11                                  | 2 35.11                    |                         |  |                            |                         |  |                            |                         |  |                            |
| 8          | 13.00                                    | 19.18                   | 67.78                                  | 1 37.50                    | 24.61                   | 52.83                                  | 1 37.50                    | 37.53                   | 34.64                                  | 2 34.64                    |                         |  |                            |                         |  |                            |                         |  |                            |
| 10         | 13.00                                    | 21.31                   | 61.01                                  | 1 37.50                    | 26.63                   | 48.82                                  | 1 37.50                    | 37.79                   | 34.40                                  | 2 34.40                    |                         |  |                            |                         |  |                            |                         |  |                            |
| 12         | 13.00                                    | 21.82                   | 59.58                                  | 1 37.50                    | 28.16                   | 46.17                                  | 1 37.50                    | 38.04                   | 34.18                                  | 2 34.18                    |                         |  |                            |                         |  |                            |                         |  |                            |
| 14         | 14.00                                    | 23.34                   | 59.98                                  | 1 37.50                    | 29.42                   | 47.69                                  | 1 37.50                    | 38.55                   | 36.32                                  | 2 36.32                    | 49.17                   | 26.44                                  | 1 27.50                    | 56.05                   | 23.20                                  | 1 27.50                    | 62.71                   | 20.73                                  | 1 27.50                    |
| 16         | 15.00                                    | 25.87                   | 57.98                                  | 1 37.50                    | 31.96                   | 46.93                                  | 1 37.50                    | 39.05                   | 38.42                                  | 1 37.50                    | 50.42                   | 27.77                                  | 1 27.77                    | 59.80                   | 22.89                                  | 1 27.50                    | 67.08                   | 19.38                                  | 1 27.50                    |
| 18         | 16.00                                    |                         |  |                            |                         |  |                            |                         |  |                            | 52.53                   | 28.56                                  | 1 28.56                    | 64.93                   | 23.10                                  | 1 27.50                    | 73.33                   | 20.46                                  | 1 27.50                    |
| 20         | 17.00                                    |                         |  |                            |                         |  |                            |                         |  |                            | 53.54                   | 29.89                                  | 1 29.89                    | 67.48                   | 23.71                                  | 1 27.50                    | 76.96                   | 20.79                                  | 1 27.50                    |
| 22         | 18.00                                    |                         |  |                            |                         |  |                            | 43.11                   | 39.44                                  | 1 37.50                    | 54.96                   | 30.93                                  | 1 30.93                    | 71.02                   | 23.94                                  | 1 27.50                    | 81.53                   | 20.85                                  | 1 27.50                    |
| 25         | 19.50                                    |                         |  |                            |                         |  |                            |                         |  |                            | 55.42                   | 32.48                                  | 1 32.48                    | 71.87                   | 25.05                                  | 1 27.50                    | 83.45                   | 21.57                                  | 1 27.50                    |
| 30         | 22.00                                    |                         |  |                            |                         |  |                            |                         |  |                            | 55.90                   | 34.89                                  | 1 34.89                    | 75.32                   | 25.89                                  | 1 27.50                    | 88.45                   | 22.05                                  | 1 27.50                    |
| 40         | 27.00                                    |                         |  |                            |                         |  |                            |                         |  |                            | 57.01                   | 38.59                                  | 1 37.50                    | 80.26                   | 27.41                                  | 1 27.50                    | 96.05                   | 22.91                                  | 1 27.50                    |
| 50         | 32.00                                    |                         |  |                            |                         |  |                            |                         |  |                            | 64.38                   | 41.94                                  | 1 37.50                    | 94.23                   | 28.65                                  | 1 27.50                    | 115.28                  | 23.42                                  | 1 27.50                    |
| 60         | 37.00                                    |                         |  |                            |                         |  |                            |                         |  |                            | 74.63                   | 42.88                                  | 1 37.50                    | 109.89                  | 29.12                                  | 1 29.12                    | 136.89                  | 23.37                                  | 1 27.50                    |
|            |  |                         |  |                            |                         |  |                            |                         |  |                            | 84.04                   | 44.03                                  | 1 37.50                    | 127.17                  | 29.09                                  | 1 29.09                    | 158.75                  | 23.30                                  | 1 27.50                    |

1 Maximum.

2 Specific.

3 Minimum.

FLAX, HEMP, JUTE, AND MANUFACTURES OF



**RESOLUTION OF THE OREGON CITY (OREG.) CHAMBER OF  
COMMERCE**

[Flax fibers, flax tow, hackled flax, and dressed line, par. 1001]

Submitted by Senator Steiwer

RESOLUTION

On the 4th and 5th of February last Col. W. B. Bartram, of Salem, Oreg., appeared before the tariff committee of Washington, D. C., in the interests of the farmers of the Willamette Valley, and representing the State of Oregon relative to having the duties increased on flax fibers, flax tow, hackle flax, and dressed line.

Whereas it has been definitely established that fiber flax can be grown in the Willamette Valley, producing a quality equal to and in most cases better than any other country in the world, due to the very favorable climatic and soil conditions; and

Whereas this crop is profitable to the farmers and assists in the proper scheme of rotation and in replacing crops that are now overproduced; and

Whereas the Willamette Valley, in the State of Oregon, is now well able to take care of the imports of these fibers from abroad if given adequate protection: It is therefore

*Resolved by the Oregon City Chamber of Commerce,* That the increase in duties asked for be unanimously indorsed and that our Representatives in Congress and the Senate be urged to bring every possible pressure and influence to bear with a view to having this increase in duties passed, confirmed, and ratified.

The duties asked for are 3 cents a pound on the flax spinning tow, 6 cents a pound on the rough flax, and 8 cents a pound on the hackle flax and dressed line.

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**STATEMENT OF JAMES W. WALSH, REPRESENTING THE ELLIOTT-  
GRANITE LINEN CORPORATION, NEW YORK CITY**

[Flax yarns, par. 1004, and linen towels and napkins, par. 1014]

(The witness was duly sworn by Senator Greene.)

Mr. WALSH. I represent the Elliott-Granite Linen Corporation.

The Elliott-Granite Linen Corporation has requested a hearing in order to place before the committee additional evidence of the discriminating and unscientific method of assessing duties on flax weaving yarn in paragraph 1004.

Senator SACKETT. Did you testify before the House committee?

Mr. WALSH. Yes, sir.

Senator SACKETT. Are you repeating your testimony?

Mr. WALSH. No, sir; this is additional testimony.

Senator SACKETT. Additional facts?

Mr. WALSH. Additional facts drawn from the House hearings.

Senator SACKETT. We have, of course, copies of your original testimony before the House committee. You are now presenting additional facts?

Mr. WALSH. Yes, sir. I do not believe it will take any more than five or six minutes to put this matter before the committee. As I said, the evidence is drawn from a copy of the public hearings on Schedule 10 before the House Ways and Means Committee. The basis of assessment is thelea or count of the yarn and disregards entirely the quality of material used, discriminating against the low-quality yarns for weaving purposes in favor of the high-quality yarns used for thread, the result being that weaving yarns take the maximum

of 35 per cent and thread yarns enter at the minimum. In fact, the ad valorem rates on the thread yarns are below the minimum, but they must take a minimum rate.

Seven reputable American manufacturers have testified that yarns for weaving purposes are not obtainable in America and must be imported to maintain their industries. The question arises, Why is the schedule so drawn that these materials must take the extremely high rate of 35 per cent in the Fordney bill and now 37½ per cent in the Hawley bill, when the materials must be woven into cloth at American labor costs and compete with similar goods produced abroad and entering at from 35 per cent to 55 per cent ad valorem, as in paragraphs 1009 to 1014?

Senator SACKETT. Are they woven into cloth?

Mr. WALSH. They are woven into cloth over here.

Senator SACKETT. What kind of cloth?

Mr. WALSH. Into toweling, towels, napkins, and household linens generally.

May we refer the committee to the testimony of one of the thread manufacturers, as found on page 5727 of the House hearings. This is to illustrate the discriminating applications of those rates. This particular brief was selected because the quotations given are of the Ulster Spinning Co., of Belfast, and are open-market quotations. In the column shown under the act of 1922, the equivalent ad valorem net duty on 10s, 12s, 14s, 16s, and 25s, according to the number of leas, averages 21.6 per cent ad valorem.

Under the clauses of that act they must take the 25 per cent rate, that being the minimum.

This same brief shows that under the act of 1929, as proposed, the ad valorem equivalent on the thread yarn from 10 to 40 lea, grey, approximates 31 per cent. That is under the present bill, showing an increase of approximately 10 per cent over the 1922 act.

That average of 31 per cent is figured on the request made by the thread manufacturers of a 2½ per cent increase in the specific base whereas the House committee granted a 3-cent increase in the specific duty, or on the specific base, so that that will be throughout a trifle higher than is figured on there.

Besides this, may we place before you Exhibit 1 on page 6017, showing the actual rates on yarns entered at the New York custom-house. This table on page 6017 is drawn from consular invoices of actual importations. It shows an ad valorem equivalent on yarns from 14 to 25, gray, inclusive, under the act of 1922—these are weaving yarns—the ad valorem average is 46.3 per cent, as against a 21.6 per cent ad valorem equivalent on the fine gray thread yarns of the same counts.

Under the act of 1929 the ad valorem equivalent of from 14 to 40, gray, weave yarns approximates 55½ per cent.

The thread manufacturers are unanimous in asking for the elimination of the maximum ad valorem duty. That has not been granted. To grant the elimination of the maximum ad valorem duty means practically an embargo against weaving yarns and a consequent elimination of linen-weaving industries, who are dependent upon foreign weaving yarns. The principal of encouraging development of the industry by assuring them of raw material at low rates, where the same is not obtainable in America, is a policy of protection. It is

recognized in the act of 1922 and further applied to the House bill of 1929. We refer to paragraph 1101 of Schedule 11, wherein raw wool of a quality not produced in this country takes the regular duty and is imported under bond, and the remission of the duty is made in full, provided the manufacturers are able to demonstrate or prove that they will manufacture it into rugs, carpets, and so forth.

We suggest the following for your consideration: Rewrite paragraph 1004 giving a separate classification to flax weaving yarns, and fixing the ad valorem rates lower than the finished goods rates in paragraphs 1009 to 1014. That will enable American linen manufacturers to compete with foreign products of cheap labor. That provision may be criticized because it would probably be difficult to distinguish between thread yarns and weaving yarns for assessing duties. There might be a possibility there of undervaluation by importing thread yarns and classifying them as weaving yarns, and we suggest an alternative to that by amending paragraph 1004 (a) as follows:

*Provided further,* That any of the foregoing may be imported under bond in an amount to be fixed by the Secretary of the Treasury and under such regulations as he shall prescribe and if within three years from date of importation or withdrawal from bonded warehouse, satisfactory proof is furnished that the yarns have been used in the manufacture of towels, crashes, damask, napkins, or any other linen fabric, the duties over and above 25 per cent ad valorem shall be refunded; and

*Provided further,* That if any such yarns imported under bond as above prescribed are used in the manufacture of articles other than above described, there shall be levied, collected, and paid on any such yarns so used in violation of bond in addition to the regular duties provided by this paragraph 50 cents per pound which shall not be rebated or refunded on exportation of the articles or for any other reason.

The adjustment suggested will place existing mills on a competitive basis, and it will enable them to manufacture products classified under paragraphs 1011 and 1013, which, owing to a spread of only 5 per cent between yarns and finished cloth, has heretofore prohibited the same.

Senator SIMMONS. Did you say 50 cents a pound?

Mr. WALSH. Yes, sir, that is an additional penalty above the ordinary duty for violation of the bond.

Senator SIMMONS. I want to ask you this one question. You show in your statement that the 1929 bill as written by the House is a clear discrimination?

Mr. WALSH. Yes.

Senator SIMMONS. Do you think that was inadvertence, or that they had some purpose and object in view in doing this, and if so, what purpose can you ascribe?

Mr. WALSH. I do not think they had any object in that, Senator.

Senator SIMMONS. I do not mean a sinister object.

Mr. WALSH. No, I do not think there is any object at all. I think in the 1922 act it was changed from the previous act so yarns have been taking an ad valorem rate of duty. This table of specific duties was incorporated in the 1922 act. The rates carried in this specific table are really drawn so as to protect thread yarns.

Naturally, where you have a specific base, if you have two yarns where one quality is worth two and a half times the value of the other and one where there is a flat poundage rate put on the amount of the yarn that is bound to discriminate against the low count yarn in favor of the finer ones.

I might illustrate that in this way. Say you had a single cut yarn made of Egyptian cotton, and also one of sea-island cotton.

Senator SIMMONS. They are two things of different qualities?

Mr. WALSH. Yes. The way this paragraph is administered they are both the same count yarn and they must take the same poundage rate, and when you apply the poundage rate, so much against the long staple yarn and the same rate against the other, naturally the rates are much higher ad valorem on the low count yarns.

Of course, in this case we have to rework these yarns into cloth, and in that case they carry them on a much higher rate than the yarns themselves.

Senator SIMMONS. In your presentation of the matter to the Ways and Means Committee, did you call this fact to their attention?

Mr. WALSH. Not this particular thing. That was the first brief, I think, that was submitted before any committee taking in the linen industry, and it was a complete brief showing the relationship between the yarns themselves and the finished products. It was really an illustrative brief, you might say. These details we did not have before us then, and we have been able to get them out of this hearing and present the facts to you here.

I am also down, Mr. Chairman, for a hearing on another paragraph, and if you prefer that I go right through with it and finish all I have to say, I will be glad to do that.

Senator GREENE. You may proceed.

Senator SIMMONS. It relates to the same general subject?

Mr. WALSH. Yes. The paragraph I now refer to is 1014.

The act of 1922, in paragraph 1014, fixed a protection duty and a revenue duty both, with a protection duty on the articles in the paragraph counting up to 120 threads.

Senator SACKETT. Before you start on that, I am asked by the tariff expert to ask you this question in reference to subparagraph (a): If the duties were scaled according to fineness, would that take care of you?

Mr. WALSH. I could not say offhand, without studying it.

Senator SACKETT. I will give you the question and you can write the answer later on.

Mr. WALSH. Yes; I will be glad to do that.

This paragraph, 1014, establishes a duty of 55 per cent on articles under 120 threads and 40 per cent on articles over 120 threads. That is a protection duty on the goods being made in this country changed to a revenue rate on the goods we did not make.

Senator GEORGE. You were not making above 120?

Mr. WALSH. Not much; no, sir.

Senator GEORGE. There was not anything above 120 being made?

Mr. WALSH. Practically nothing; no, sir. Since that act was passed we have made a fine improvement on the construction of that class of merchandise in this country. We have made goods up to 150 or 152 threads to the square inch.

We ask this committee to apply the same principle of protection used in 1922 to the products being produced to-day, and that the thread count in the paragraph be changed from 120 to 160 threads.

Senator SIMMONS. That is to say, the 55 per cent was imposed as a revenue duty?

Mr. WALSH. A protection duty.

Senator SIMMONS. I thought you said that was a revenue duty and the 40 per cent was a protection duty?

Senator GEORGE. You simply ask that the number of threads be changed?

Mr. WALSH. That the 120 be changed to 160.

Senator GEORGE. And leave the rate like it is?

Mr. WALSH. It leaves the rate just as it is. In other words, that the principle of protection recognized there be applied to present day products.

I have here some samples, if you would like to see them.

Senator SIMMONS. Your theory is that the revenue duty ordinarily should be 40 per cent and the protection basis ought to be about 55 per cent?

Mr. WALSH. I presume that was the intention of the 1922 act.

Senator SIMMONS. If the protection rate is fixed at 55 per cent, unless the 55 per cent is necessary to give you a competitive position in the market, maybe the revenue rate is too high and we ought to reduce the revenue rate a little bit, and maybe if the revenue rate was reduced you would not need so much protection.

Mr. WALSH. That would follow, of course.

Senator SIMMONS. Therefore I want to ask you this question: Do you need the 55 per cent?

Mr. WALSH. Under the present conditions we need the 55 per cent.

Senator SIMMONS. You need it because of the high duty on the raw material?

Mr. WALSH. We need it because of the high duty on the raw material we are obliged to pay.

Senator SIMMONS. How much would you need if there were no revenue duty at all on the raw material?

Mr. WALSH. That could be reduced accordingly. I suppose you would want at least 25 or 30 per cent protection.

Senator SIMMONS. That is, if you took off all the revenue duty.

Mr. WALSH. You would require about 25 or 30 per cent to compete.

Senator SIMMONS. If you reduced the revenue duty to 20 per cent, you would need how much?

Mr. WALSH. You are speaking about the revenue duty on raw material, are you, or on the finished product?

Senator SIMMONS. I do not want the revenue duty on raw material to give you more protection than you really need.

Mr. WALSH. That is quite right and reasonable. We would require, I should say, 25 to 30 per cent for protection.

Senator SIMMONS. If the raw material came in free?

Mr. WALSH. Exactly.

**STATEMENT OF R. N. FOSTER, REPRESENTING THE FOSTER  
TEXTILE CORPORATION, LOCKPORT, N. Y.**

[Flax yarns, par. 1001, and linen towels and napkins, par. 1014]

(The witness was duly sworn by Senator Greene.)

Mr. FOSTER. I am president and treasurer of the Foster Textile Corporation, Lockport, N. Y.

We are manufacturers of all linen towels, napkins, and tablecloths.

Due to the fact that there are no linen yarns obtainable in this country for weaving purposes in either quantity, quality, or prices which are comparable with foreign yarns, therefore we are obliged to import all our linen yarns.

We have been working under a great disadvantage for the last seven years under the 1922 tariff, as finished linen fabrics were brought in from 35 to 55 per cent ad valorem duty, and 95 per cent or more of the yarns we imported we were obliged to pay the maximum of 35 per cent ad valorem on.

We appeared before the Ways and Means Committee, as you will see from the report on page 6021 of the hearing on tariff readjustment, 1929, in company with other manufacturers in our line, and asked that we be given some protection, as with the low price of labor in Great Britain and on the Continent, and only a small differential in duties between what we paid for the yarns and the manufactured article, there was very little opportunity to expand or even hold the present business.

Now, with the 1929 tariff having been passed by the House, it has made it still more difficult, as the maximum ad valorem duty on yarns has been raised from 35 to 37½ per cent, and no redress or differential given us on the manufactured articles specified in Schedule 10, paragraph 1014.

It is true that we have a protection on linen towels having a count of not over 120 threads to the square inch of 55 per cent, but finer grades having more threads to the square inch come in at 40 per cent ad valorem. As towels having more than 120 threads to the square inch are now manufactured in this country in a limited quantity—

Senator SACKETT. Did you hear the testimony of the gentleman who asked to have that raised to 150 threads?

Mr. FOSTER. It was 160, sir.

Senator SACKETT. Does that meet with your approval?

Mr. FOSTER. Absolutely.

Senator SACKETT. And you want us to understand you agree with him?

Mr. FOSTER. So far as that goes; yes, sir.

We are in a position to manufacture same in volume if given the same protection on these better goods or counts as is now given on the cheaper goods, that is those under 120 threads to the square inch, and therefore we request that paragraph 1014 be changed to read, instead of as at present, "not exceeding 120 threads," "not exceeding 160 threads to the square inch to be at the rate of 55 per cent ad valorem; over 160 threads to be at the rate of 40 per cent ad valorem."

Senator BINGHAM. How many threads are in these samples?

Mr. RANSOM. Those count 112 or 115.

Senator BINGHAM. They come under the 55 per cent?

Mr. RANSOM. Yes, sir, but the foreigner runs them under 120 and brings his goods in at the low rate and beats us out.

Senator BINGHAM. On all those under 120?

Mr. RANSOM. Most of them are under 120. We do make some goods that are over 120. The point is that within a range of 20 points the importer has a very unfair advantage, due to that particular clause, because he can easily regulate his goods to take the lower rate, and that is what we would like to have corrected.

Mr. FOSTER. In place of paying 55 per cent he gets them in at 40 per cent, and we want to raise the number to 160.

We also asked that paragraph 1004 be changed to read, "the duty on the foregoing yarns not finer than 60 lea shall not be less than 15 per cent nor more than 25 per cent ad valorem," and that no specific duty be levied.

If you put a specific duty on yarns or any item the lowest numbers are always legislated against, but if you put ad valorem duties right straight through, that is a fair proposition on the cost of the yarns, fair to all of them.

Senator SACKETT. You want to get yarns in cheaper?

Mr. FOSTER. We do, because they are not made in this country.

Senator SACKETT. Then why do we want any duty on them at all?

Mr. FOSTER. It is not within my province to reply to that. If we could get yarns—

Senator SACKETT. You say there are none made in this country.

Mr. FOSTER. They are made, but we can not obtain them, and when they are made they are very poor.

Senator SACKETT. Why can you not obtain them?

Mr. FOSTER. Because they are not spun in any quantities, and those that are spun are of an inferior quality as a rule, because they do not run fine. One size will be 10 in one place, 9 in another, 8 in another, and then go back to 9 again. They are not spun with even spinning.

Senator SIMMONS. So far as yarns are concerned, that duty is purely a revenue duty?

Mr. FOSTER. Yes; so far as weaving yarns go. Yarns are spun here for fish nets and seines, but for weaving purposes there are none that we can obtain. I have in my mills to-day yarns spun in America, but I would not be able to buy yarns here that are comparable with the foreign yarns.

Senator SIMMONS. So we might, without interfering with the principle of protection, very greatly reduce if not altogether eliminate the duty on these yarns and that would enable you to compete on a lower basis for the finished product.

Mr. FOSTER. We would not have to have such a large tariff on the finished product.

May I follow your thought a little further, Senator? If that clause could be inserted in the tariff, for weaving purposes, that would take care of what we are after, because I have nothing to say about yarns for fish nets and seines. That is another proposition.

Senator SIMMONS. You say there is absolutely no yarn for weaving purposes produced in this country?

Mr. FOSTER. They are produced, but those who may spin a few of them may use them themselves.

Senator SIMMONS. They do not go in for manufacture?

Mr. FOSTER. They are used for fish nets and seines.

Senator BINGHAM. Is it the idea to protect the Oregon flax crop?

Mr. FOSTER. I am not as far west as Oregon.

Senator BINGHAM. But you know more about it than I do.

Mr. FOSTER. I would think so.

Senator BINGHAM. The object is to protect the farmers of Oregon and Michigan in raising flax, who try to sell their products to the yarn makers in this country?

Mr. FOSTER. I have in my mill yarns from Oregon, but I can not use them.

Senator SACKETT. Would you apply this to boiled and bleached as well as on gray?

Mr. FOSTER. Yes; it would have to be so.

Senator SACKETT. All the way through?

Mr. FOSTER. Yes, sir.

Senator SIMMONS. There is some flax raised in this country?

Mr. FOSTER. Yes, sir.

Senator SIMMONS. And they do spin some yarn from that flax?

Mr. FOSTER. Yes, sir.

Senator SIMMONS. But that, you say, is not of a quality you could use in weaving?

Mr. FOSTER. Not satisfactorily, sir.

Senator SIMMONS. Why is it not as good as any other yarn?

Mr. FOSTER. I explained a moment ago how that is. Take the lea which is the measure of flax; if you buy a 10 lea it does not run even all the way through. It is only in an embryo state, if I may put it that way. You may have a 10 lea and it may run 10 in one place and 8 in another. If you buy 20, it may run 18 in one place, 16 or 19. It does not run even, and it has knots in it.

Senator SIMMONS. In other words, American-grown flax is as good as any, but they have not devised means of converting it?

Mr. FOSTER. I understand it is, and I have been told there are things about the American-grown flax that make it better for seed purposes than fiber purposes.

Senator BINGHAM. Is there a good deal of labor performed in retting and scutching the flax that has something to do with the quality of the yarn?

Mr. FOSTER. I can not raise my right hand and say yes or no, but I understand that is true.

Senator BINGHAM. That is probably one of the causes.

Mr. FOSTER. I understand so, but I would not want to make that statement.

Senator BINGHAM. When that situation is done away with, so far as the effect of that labor is concerned, the quality of the yarns will probably improve.

Mr. FOSTER. It is a question whether they can make them satisfactory so far as being comparable with the foreign yarns is concerned.

Senator SIMMONS. If we put a small duty on it they may be able to devise machinery and methods by which they can make a better quality, and then the President can come to their relief under the flexible provisions of the tariff act.

Mr. FOSTER. Yes. I prefer the domestic yarns, but I can not get the quality, and then if the price is right the quality is so poor. It is only being produced in a small amount for weaving purposes, and that word "weaving" is very essential, because the yarn that is used for fish nets is another proposition.

Senator SACKETT. There have been a great many comments made on section 1004, subsections (a) and (b). Have you all gotten together on a rate of duty that that section ought to bear? It has been said that it protects the coarse yarns and does not protect the high numbers, and that it is built wrong end to.

Mr. FOSTER. May I read a little more?



**Senator SACKETT.** I would like to know if you can not give us a form that would meet the situation.

**Mr. FOSTER.** I think that we can. We agreed to this, that if we could have 25 per cent protection, with duties no higher than 25 per cent on yarns, it would be a very great help to us.

We can not see where there is any benefit to be derived from increasing the duty on foreign yarns, when there has been no compensating increase of duties on the finished products in which these yarns are used. In other words, it is impossible to buy domestic yarns, and with an increase of duty on foreign yarns, it makes it next to impossible to compete with the foreign woven products.

We believe the opportunity for expanding the linen business is near at hand if Congress will only give it a chance by giving a fair protection. I am sure that others in the manufacturing line will be very glad to appear before your committee at any time that you may set for a hearing on linen yarns and the products made from same, or if your committee would desire to visit the mills producing these linen fabrics, we shall only be too glad to give you the opportunity.

When the 1922 tariff bill was being considered by the Senate Finance Committee, I had the opportunity of appearing before that committee and testifying regarding linen yarns and fabrics made from same, and the possibilities of making linen fabrics in the United States, if given adequate protection, so that the domestic manufacturers could compete with our well-paid labor as compared with the cheap labor of Great Britain and the Continent of Europe.

At that time I was asked, "What is the maximum count of the number of linen threads that was then being manufactured in this country, in crashes, huck towels, napkins, and so forth?" I stated that 120 threads per square inch, I believed, would be the maximum.

Since that time the linen industry has advanced so that we can go to 150, and 152 is actually being produced to-day.

The Senate Finance Committee considered the matter very carefully and the bill became the law as the paragraph 1014 now stands, giving a protection of 55 per cent ad valorem on all linen napkins and towels containing up to 120 threads per square inch, and the same tariff bill limited the duties on yarns used in making these goods to 35 per cent ad valorem.

Since that time the domestic manufacturers of linen goods have greatly increased the quantity of their linen products and also proved that very much finer and better goods are being produced in limited quantities and can be manufactured here in quantity, if given adequate protection.

And now, under somewhat similar conditions as in 1922 we ask that you again carefully consider the linen possibilities in the United States and that you give adequate protection on the higher counts for the manufacture of finer qualities, that is, those counts above 120 threads per square inch. We ask that you make it 160 threads, and we will show you some other improvements in the next four years.

I can show you samples of what we have done, where we are selling goods to-day, and can sell them if given proper protection.

**Senator SACKETT.** If we reduced that to 25 per cent, you would have to take the whole schedule and reduce the compensatory duties in an equivalent way, would you not?

**Mr. FOSTER.** Is it not possible that yarn brought into this country for weaving purposes could be brought in at a lower rate?

Senator SACKETT. Yes; if you get your duties on the manufactured products equivalent.

Mr. FOSTER. We have been working under 35 per cent, and that is all we can get away with, because a lot of it is coming through at 40 per cent; that is, the finished product.

Senator GEORGE. You said that you could show us another story within four years. Do you expect another tariff revision within four years?

Mr. FOSTER. Well, I do not know.

Senator GEORGE. That would be about the time for another extra session of Congress.

Senator SACKETT. Not on the same subject.

Mr. FOSTER. I hope you will have pleasanter weather than we have since I have been here. I believe that that provision can be drawn, Senator Sackett, to provide for a maximum and minimum tariff on weaving yarn. I think that Mr. Walsh made a statement this morning to the effect that he had an amendment that would suggest that.

Senator SACKETT. I think that it would be well if you could get together with the expert tariff people here and see if you can not get up something to take the place of this, which everybody seems to complain about.

Mr. FOSTER. In 1922 I tried my best to get that thing. There was a compromise at the last minute.

Senator SACKETT. The reason I suggested that is because you seem to be anxious to have a reduction of duties, and I would like to carry that reduction down the line.

Mr. FOSTER. I only want the difference between the raw material and the finished product.

Senator SACKETT. I ask the chairman to allow that suggestion to be put in the record.

Senator GREENE. Without objection that may be done.

#### STATEMENT OF H. L. RANSOM, REPRESENTING THE NIAGARA TEXTILE CO., LOCKPORT, N. Y.

[Linen towels and napkins, par. 1014.]

(The witness was duly sworn by Senator Greene.)

Mr. RANSOM. Mr. Chairman, I am vice president and treasurer of the Niagara Textile Co., of Lockport, N. Y.

Gentlemen, I wish to leave with you a few exhibits of what I will talk about.

Mr. Chairman and gentlemen of the committee, I will confine my remarks entirely to paragraph 1014, and the subject is linen towels and crashes, and the average household linen goods.

Senator BINGHAM. Tell us first, do you want a raise in the tariff or a lower rate in the tariff?

Mr. RANSOM. I want a raise, just a slight change in one clause in paragraph 1014.

Senator BINGHAM. You want a slight raise, or only slight changes that make a large raise?

Mr. RANSOM. I think it is only a slight raise.

Senator GEORGE. Do you make the same suggestion made this morning, that the number of threads be increased from 120 to 160?

Mr. RANSOM. Yes; and I have some special ideas in reference to that matter.

Senator GEORGE. Yes; I understand. I simply wanted to get your view about that.

Mr. RANSOM. Those counting 120 threads and over to the square inch are being imported into this country at 40 per cent instead of 55 per cent, as originally intended by the framers of the Fordney-McCumber law. A correction is now asked by the linen towel manufacturers of America.

It was the intention of the framers of the Fordney-McCumber bill that all such linen goods that could be made here in America by American labor should take a duty of 55 per cent. This intent was nullified by a clause being inserted into the paragraph at the last moment. This clause reads that all goods counting 120 threads and over be allowed to enter at 40 per cent instead of 55 per cent as intended, this nullifying the original intent of the framers of the Fordney-McCumber bill. We ask that a correction be made and that this paragraph be changed to read 160 threads to the square inch instead of 140 threads.

As our raw material is linen yarns, which we import from Great Britain, and on which we are forced to pay 37½ per cent under the Hawley bill, we would have a protection of only, if this correction were not made, the difference between 40 per cent and 37½ per cent, the proposed new rate. This is much less than is being granted on any other textile product, and would stop all manufacturing of such goods in America if left as the matter now stands, with immense quantities of these linen goods being imported from Germany and Czechoslovakia at 40 per cent, and the American towel manufacturer being forced to pay 37½ per cent on his raw material, which is linen yarn, he will at this time be legislated entirely out of business.

Your granting of this request to have this correction made will not only mean much to the industry but will also bring employment to a great many people.

I am leaving with you an exhibit showing goods now being made by American labor. If this correction is not made, practically all these goods will be imported from Czechoslovakia and Germany.

Senator GEORGE. Do you have any idea how much that will increase the cost of the goods enumerated in that paragraph, say, containing 160 threads to the square inch, over and above the present cost to the domestic consumer?

Mr. RANSOM. I think, Senator George, the American householder would not pay any more for those goods. I think with this change, so Americans can furnish this demand, the goods will be a better quality of goods than are now being imported because the foreigner now designs all his goods to a count higher, in order to take advantage of the 40 per cent rate, as they are lighter in weight. They are not so good for the purpose.

Senator GEORGE. Then, as I understand it, you say that if this count is not raised from 120 to 160 you will not be able to make the 160 goods in the United States at all, in view of the rate?

Mr. RANSOM. I think that these interests have been struggling very hard for the last few years and have made almost no progress, and with this difference of 2½ per cent to cover the difference between the cost of labor in the United States and abroad, I think it is self-evident that no progress could be made in our industry.

Senator GEORGE. You would not go into the higher thread numbers?

Mr. RANSOM. No, sir.

(Mr. Ransom submitted the following brief:)

**BRIEF OF THE NIAGARA TEXTILE CO., LOCKPORT, N. Y.**

The tariff laws, from 1883 to the present time, relating to linen have failed because they assume that, to be successful, we must grow our flax and spin our our yarns here in America. Having tried this for 45 years without success should we not at this time be in a frame of mind to make a change?

Foreign interests have always been active in forming the linen schedule. Their clauses frequently nullify the intent of the original legislators. For instance, clauses relating to underweight and count per square inch of cloth found in Schedule 10, paragraphs 1010, 1011, and 1014. These clauses act directly against the American producer and are a great help to the foreign manufacturer of linens. These clauses should be stricken out as they are unfair to American manufacturers. America is the largest market in the world for linens, so why not give the Americans a chance to supply the market instead of leaving it for Germany, Czechoslovakia, and other foreign countries?

That it is possible that linen goods can be woven and finished here as well as in any other part of the world has been proven and is being proven every day. All that is needed is a tariff which gives the industry the difference in the cost of labor between this and foreign countries producing similar goods. Also this law must do away with these added and special clauses which are written in the interests of the foreign manufacturer, and which nullify the benefit intended for the American manufacturer.

To put linen manufacturing in America on a large and permanent scale it should be so that the producer can buy his yarns on the same basis as the Irish, Scotch, and German manufacturer of like goods. Then the American can proceed to weave his towels, napkins, and damask, and market them here at home at a lower price than is now being asked for these goods. This manufacturing of our linens here at home would in a very few years give employment to many thousands of additional workers and be the means of starting up looms now standing idle in this country.

Compared with cotton, linen takes many times the amount of labor to produce a pound of yarn. Let us consider this for a moment. Flax takes much more out of the land than any other crop. It takes many times the amount of fertilizer to keep the land good. When grown it must be pulled by hand and not by machinery. To produce high-grade flax it must be carefully rotted in stagnant streams whose waters have special properties adapted for rotting flax. We have no such water, and our workmen can find more pleasant employment than rotting flax in stagnant streams. This process takes many days of painstaking disagreeable labor and adds much to costs. Next the straw must be hackled and the flax drawn. These different and expensive processes which do not occur in the manufacture of cotton are mentioned to show the great amount of extra labor cost to produce a pound of linen over that required to produce a pound of cotton. Consequently we must not be expected to produce our flax and flax yarns here at home as we do our cotton yarns. We should import our linen yarns and with these yarns produce with American labor our various cloths needed for home consumption.

To corroborate these statements, I quote from Tariff Information Surveys, published by the United States Tariff Commission, as follows:

Referring to paragraph 267, higher first costs of mill and machinery than in the United Kingdom, higher costs, disagreeable labor conditions, and general preference for foreign linens, have all militated against the establishment of a large industry in the production of flax, hemp, and ramie yarns in the United States. Flax-spinning machinery is heavier and more expensive than most textile machinery, requires stronger mills, is not made in the United States, and can be procured, for the present, at least, only by importing, which is hampered by its great weight in addition to a duty of 20 per cent. In addition to all questions of expense, the necessity of importing machinery puts the American producer at a serious disadvantage in procuring the latest improvements. At best he can only hope to keep pace with the European producer in the provision of equipment—never to excel him. Labor cost constitutes a peculiarly large portion of the total cost of production, so that the necessity of paying higher wages

places the domestic manufacturer at an unusual disadvantage. With the increasing fineness of the yarn, moreover, the cost both of equipment and of labor becomes continually higher in proportion to the total cost. Spinning of linen yarns, furthermore, is disagreeable, unhealthful, and in some respects, dangerous work; and despite the introduction of devices which have served greatly to improve the working condition, labor usually seeks to avoid this industry when there is a better alternative. Finally, the market for domestic yarns is restricted by the fact that there is only a limited market for domestic linens. The buying public usually assumes that, even though these linens are apparently of excellent quality they can not equal the old established linens from abroad, and consequently jobbers and department stores hesitate to handle them. Ramie suffers less from this handicap.

History and experience teach us that the growing of flax and its preparing is such an arduous and disagreeable task that this must necessarily be done in the most backward countries where labor is cheapest. If it is attempted to carry on these same operations here in America, with our high cost of labor, the cost of a pound of linen yarn is so great that it is immediately seen that it is imperative that this labor be performed in such low labor cost countries as Russia and Czechoslovakia and the like. Great Britain, Ireland, Scotland, and Germany who are to-day supplying America with her linens secure practically all of their linen or flax in Russia. With these facts in view why should American manufacturers be expected to grow and produce flax for spinning purposes? It has not been done in 45 years with tariff laws written with the intent of forcing us to grow and ret and prepare our own flax yarns here at home, so why, now when labor is at its high point, expect to bring this about? It is not to be expected. Neither should we be expected to pay a duty on our linen yarns, and thus have them cost us more than is paid by our foreign competitors and expect to sell our goods in our home market and compete with them. Right here is the pivotal point, and I repeat we must have linen yarns for weaving purposes just as cheap as our foreign neighbor if we are to compete with him. Can the American manufacturer be expected to pay higher wages for all other operations in producing the finished article, and then add to this yarns made high in price by a 30 to 35 per cent duty?

If we are permitted to import our linen yarns at a low duty we can then own them as cheap as our foreign competitors, Czechoslovakia and Germany, and we can then weave, bleach, and finish our linens here at home. The American people will pay less for their linens, many thousands of people will be employed here, and many looms now idle be put into operation.

We suggest that paragraph 1004 be amended to read as follows:

"PAR. 1004. (a) *Provided further*, That any of the foregoing may be imported under bond in an amount to be fixed by the Secretary of the Treasury and under such regulations as he shall prescribe, and if within three years from date of importation or withdrawal from bonded warehouse satisfactory proof is furnished that the yarns have been used in the manufacture of towels, crashes, damask, napkins, or any other linen fabric; the duties over and above 25 per cent ad valorem shall be refunded; *And provided further*, That if any such yarns imported under bond as above prescribed are used in the manufacture of articles other than above described, there shall be levied, collected and paid on any such yarns so used in violation of bond in addition to the regular duties provided by this paragraph 50 cents per pound which shall not be remitted or refunded on exportation of the articles or for any other reason."

The adjustment suggested will place existing mills on a competitive basis and will enable them to manufacture products classified under paragraphs 1011 and 1013, which, owing to a spread of only 5 per cent between yarns and finished cloth, has heretofore prohibited same.

## STATEMENT OF WILLIAM B. WARHURST, PASSAIC, N. J., REPRESENTING THE DOMESTIC HANDKERCHIEF MANUFACTURERS

(Linen handkerchiefs, par. 1010)

(The witness was duly sworn by Senator Greene.)

Senator BINGHAM. Whom do you represent?

Mr. WARHURST. I represent the domestic handkerchief manufacturers.

Senator BINGHAM. Do you appear instead of Mr. Herman?

Mr. WARHURST. Yes; and for two other gentlemen named on the list. I am connected with the Acheson-Horgen Co.

Senator GEORGE. Where are you located?

Mr. WARHURST. At Passaic, N. J.

Gentlemen, we are interested in paragraph 1016, reference to which is made in the hearings of the House Ways and Means Committee in volume 10, Schedule 10, page 6055.

We made a request of Congress for a differential in the ad valorem rate of 35 per cent on plain linen cloth, from a differential of 45 to 60 per cent. In other words, a 15 per cent additional ad valorem over the 40 per cent now prevailing.

Senator SACKETT. Is that in paragraph 1016?

Mr. WARHURST. That is handkerchiefs.

Senator SACKETT. It says 35 per cent.

Senator GEORGE. Is that the present rate?

Mr. WARHURST. The 35 per cent rate is when those goods come in finished or unfinished.

Senator GEORGE. Is that the present rate?

Mr. WARHURST. Yes.

Senator SACKETT. And that is all right?

Mr. WARHURST. And has been for some time.

Senator SACKETT. It is the next rate that you want raised?

Mr. WARHURST. Hemmed or hemstitched, 45 per cent; now we are requesting 60 per cent.

Senator BINGHAM. The House gave you 50 per cent?

Mr. WARHURST. Yes, sir.

Senator BINGHAM. Would it suit you if there were a specific duty of 1½ cents on each handkerchief, when the hems are rolled or flat?

Mr. WARHURST. Without figuring on that, Senator, I could not answer your question. The reason why we have figured that we require an additional 15 per cent ad valorem in the cloth in the piece is that we want a compensatory duty, and because of the difference in the cost of production. We are not asking that these hemstitched goods be included; we are asking for the opportunity to compete.

Senator SACKETT. You are doing it on 45 per cent now.

Mr. WARHURST. We are not, sir.

I was quite amazed on arriving in Washington to obtain information as to handkerchief imports for consumption; that is, linens. In 1923 there were 1,543,018 dozens imported for consumption, and in 1928 that had grown to 3,763,437.

Now, in the first three months of this year there is an amount of 1,024,383 dozens for the first quarter.

Senator SIMMONS. Of linen handkerchiefs?

Mr. WARHURST. Of linen handkerchiefs.

Senator BINGHAM. These are fine linen handkerchiefs, I assume.

Mr. WARHURST. Yes, sir. We say that in the face of that fact, and on account of our experience, we can say that the first three months of the year are not really an indication of the demand for linen handkerchiefs, but that that demand rather comes along toward the end of the year, in the last six months, and a very great many of them are used for Christmas gifts, and so forth.

Senator SACKETT. What is the domestic production of those things?

Mr. WARHURST. Unfortunately, the domestic handkerchief industry is not organized, and it has been extremely difficult to obtain

any figures of an official nature for within the past year or so through the Department of Commerce activities, which would indicate and separate the production of linen handkerchiefs against those of cotton.

Senator GEORGE. How is your production?

Mr. WARHURST. Our production; that is, the Acheson Co. produces, I venture to say, a larger proportion, or did produce a larger proportion, approximately 10 per cent, of our output. We have a capacity of between five and a half and six million dozen per year.

Senator SACKETT. You mean you produced about 500,000 dozens?

Mr. WARHURST. We have that capacity and have produced that many and more, but not entirely of linen. I am talking about our combined output.

Senator SACKETT. You can not guess what the domestic production of fine linen handkerchiefs would be?

Mr. WARHURST. There is no way in which that could be determined.

Senator SACKETT. Would you say it was 10,000,000 or 20,000,000?

Mr. WARHURST. I could not say; there is no way.

Senator SACKETT. Then how are we going to know whether this business is being injured by these increasing imports or not? There may be a less percentage of increase of imports than the domestic production increased.

Mr. WARHURST. On the contrary, that is not so.

Senator SACKETT. That is just what I am trying to find out.

Senator BINGHAM. You can not tell; then how do you know it is not so?

Mr. WARHURST. Taking our own experience, our own production has decreased from 5,500,000 back in 1926 to slightly less than 4,000,000.

Senator BINGHAM. That is not of linen handkerchiefs, is it?

Mr. WARHURST. That is all.

Senator BINGHAM. All linen handkerchiefs?

Mr. WARHURST. That is all handkerchiefs manufactured.

Senator BINGHAM. This refers to linen handkerchiefs.

Senator GEORGE. What other sorts of handkerchiefs do you make?

Mr. WARHURST. Cotton.

Senator GEORGE. And linen?

Mr. WARHURST. Yes, sir.

Senator GEORGE. You make two kinds?

Mr. WARHURST. Yes, sir.

Senator SACKETT. Can you tell us what your production of linen handkerchiefs has been over the last three, four, or five years?

Mr. WARHURST. I can provide you with those figures, but under oath I could not give you a definite figure or statement to that effect. That can be readily arrived at from our records.

Senator SACKETT. That seems to me to be a very large amount. Is this industry suffering from competition abroad?

Mr. WARHURST. It certainly is.

Senator SACKETT. Can you prove it?

Mr. WARHURST. The linen part is just one part.

Senator SACKETT. That is the part that this refers to, is it not?

Mr. WARHURST. Yes, sir.

Senator SACKETT. That is the part we are talking about?

Mr. WARHURST. Yes, sir.

Senator SACKETT. That is the part to confine yourself to on this schedule?

Mr. WARHURST. I hope so. I have already mentioned the figures to you in reference to the increased imports. The other figure that I wish to draw your attention to is that in 1925 the unit value of those goods was 1.44 per dozen, and in the first three months of 1929 the unit value per dozen is 88.1 cents.

Senator GEORGE. What do you mean by that?

Mr. WARHURST. That is linen handkerchiefs, the average price.

Senator GEORGE. The selling price here?

Mr. WARHURST. No; the foreign value.

Senator SACKETT. What does that teach us?

Mr. WARHURST. That is subject to 45 per cent duty as it is now. We find that from our experience in the New York market we are unable to compete on that unit value.

Senator BINGHAM. Do you think that they have been undervaluing?

Mr. WARHURST. I would not say that.

Senator BINGHAM. According to the affidavits and the invoices and everything else the foreign cost has greatly decreased.

Mr. WARHURST. Indeed.

Senator BINGHAM. So the duty, of course, has decreased with it. Why do not you ask for a specific duty per handkerchief?

Mr. WARHURST. That is in another section. The handkerchief industry generally comes under section 15, Senators, and that has been asked for, but we are not, of course, discussing that.

Senator SIMMONS. You mean that you have two schedules, one giving a specific duty?

Mr. WARHURST. On all embroidered handkerchiefs. That is, extra things put on them to make them attractive.

Senator BINGHAM. That comes in the other schedule?

Mr. WARHURST. Yes. Let me illustrate by giving you one instance. In September, 1924, we made a purchase at Belfast of linen cloth at 18½ pence. We made other purchases in December, 1928, of that same cloth for 12½ pence. That figured, duty paid, as figured for the amount of cloth which will be used in the making of a dozen handkerchiefs at 18½ pence, on the cloth alone, \$1.553.

Under the purchase which we made at 12½ pence the cloth cost constitutes 98.37 cents per dozen. There is a difference in the cloth cost there alone as between those periods of 24.72 cents per dozen.

Senator SACKETT. How long a time was that?

Mr. WARHURST. From September, 1924, until December, 1928.

Senator SACKETT. Four years?

Mr. WARHURST. Yes, sir.

This whole thing presents such a clear picture to me, Senators, as to the reasons for our declining business in these goods.

Senator SACKETT. I grant you that, but you have not shown a declining business; you have asserted it.

Mr. WARHURST. That I will show.

Senator SACKETT. That is the question I have been asking.

Mr. WARHURST. I personally know that our linen business has been very greatly decreased, but as to giving you any quantity under oath, I could not do that.

Senator GEORGE. Do you make your cloth or import it?

Mr. WARHURST. We import the linen cloth.



Senator GEORGE. Because of the decline of the foreign cost you are getting that cloth in here cheaper?

Mr. WARHURST. Quite so. But here is the point that I want to bring out, that the 45 per cent ad valorem which covers the cost of the cloth and the labor and everything else which comes in on the foreign handkerchief, by reason of the reducing cost and the amount of cloth it narrows the margin of protection to the American manufacturer by just that much reduction.

Senator SACKETT. You get your cloth cheaper and that narrows your expense, too.

Mr. WARHURST. But the foreign manufacturer has the advantage of that price.

Senator SACKETT. But you get the advantage of it, too.

Mr. WARHURST. But not in the same proportion. It is rather technical, unfortunately, but if a dollar's worth of cloth entered into the cost of a handkerchief, the ad valorem would be 45 cents, would it not?

Senator SACKETT. Yes.

Mr. WARHURST. If the price of those goods went to 80 cents the ad valorem would be just that much less, would it not?

Senator SACKETT. Yes.

Mr. WARHURST. Very well. Taking that as a basis—

Senator BINGHAM. In other words, when the price of the cloth falls, the amount of the duty falls with it, but the difference in the cost of the labor remains the same and you do not get the same protection as before?

Mr. WARHURST. Absolutely.

Senator BINGHAM. If it were a specific duty you would get it.

Mr. WARHURST. Yes. I say yes; I am not prepared to say that because—

Senator BINGHAM. If the specific duty represents the difference in the cost of manufacture, it would not make any difference because you would get the specific duty per handkerchief.

Mr. WARHURST. There is no question about the specific duty per handkerchief; what effect that would have I am not just able to see.

Senator BINGHAM. Are your handkerchiefs all hemmed by hand or by machine?

Mr. WARHURST. By machinery, in direct competition with the linen handkerchiefs that come into this country.

Senator BINGHAM. This does not deal with handmade hems?

Mr. WARHURST. No. As a matter of fact, there is a term in the tariff act now referring to shire-drawn hemstitched handkerchiefs, and I would say that 18 or 20 years ago we bought quite a few of shire-drawn handkerchiefs in this country, but the mounting costs on account of the hand labor made it such a costly proposition that we simply had to drop them.

Senator BINGHAM. A good deal of that is still done in Porto Rico, is it not?

Mr. WARHURST. I believe that somebody in Porto Rico is doing embroidery on linen.

Senator BINGHAM. That is in a different schedule. Never mind about that.

Mr. WARHURST. As a matter of fact, I do not see what the effect would be.

Senator GEORGE. Are these hemmed or hemstitched imported handkerchiefs staple or style goods?

Mr. WARHURST. They are staple goods.

Senator GEORGE. Foreign and domestic staple?

Mr. WARHURST. Yes, sir.

Senator GEORGE. You do not get any style goods at all under this section?

Mr. WARHURST. No, sir. What we are asking for under this paragraph is a compensatory duty that will permit us to compete, because of our own experience in competing with the importers in New York city. While I listened to the statement of another witness here that no more than the 45 per cent duty is necessary, yet we find ourselves in direct competition with the importers in New York, and unfortunately, while you can not put this down in figures, there is an intangible sort of thing that enters into it, that enters into our competing on the same level with the importers, by reason of the word "importer."

Senator BINGHAM. In other words, people who buy high-priced handkerchiefs like to see "made in France" on them?

Mr. WARHURST. Or "made in Ireland."

Senator SACKETT. But we can not protect you on that. The difference in the cost of production is the criterion.

Mr. WARHURST. That is what I am asking.

Senator SACKETT. But you have not shown us at all that the domestic industry is suffering; you have simply asserted it.

Mr. WARHURST. I promised to present those figures, which I will do. On the other hand, it would seem to me that those statistics which I had here a moment ago, with the ever-increasing amount of imports of linens and the unit value per dozen of those linens would show that.

There is another thing that we are fearful of, because all our calculations were based on 1927, but here we are getting down to a unit price that is fast approaching competition with cotton.

There are linen handkerchiefs for sale in New York City to-day over the retail counter for 10 cents each, and no linen made in this country.

On the other hand, here is the illustration which I used to-day in the cost and the selling price. That particular handkerchief, which is ordinarily termed a "25-cent retailer," will come in direct competition with a better grade 25-cent cotton handkerchief. We make them both.

Senator BINGHAM. How large a part of the cost of the handkerchief is in the cloth itself?

Mr. WARHURST. In this particular handkerchief, which is a man's size handkerchief, that would figure around 80 per cent.

Senator GEORGE. 80 per cent is the cloth?

Mr. WARHURST. Yes, sir; that is based on our production only.

Senator BINGHAM. About 80 per cent is the cloth?

Mr. WARHURST. Yes, sir.

Senator GEORGE. And 20 per cent is the labor?

Mr. WARHURST. In round figures.

Senator BINGHAM. And if the cloth falls very materially in price, then the ad valorem duty falls correspondingly, and therefore the cost of the foreign article laid down in New York is very much cheaper than before, and there is no spread for labor?

Mr. WARHURST. Absolutely.  
 Senator BINGHAM. Is that the case?  
 Mr. WARHURST. Absolutely.  
 Senator BINGHAM. Then let us rest it.

**LETTER AND BRIEF OF THE MAYAGUEZ HAND NEEDLEWORK  
 MANUFACTURERS ASSOCIATION, MAYAGUEZ, P. R.**

[Handkerchiefs, par. 1016; also including par. 1530]

Senator BINGHAM. Mr. Chairman, at the request of Commissioner Davila, I would like to put into the record at this point a letter from the Mayaguez Hand Needlework Manufacturers Association, of Mayaguez, P. R., asking for a change in this paragraph, to have added to it the words "except handkerchiefs with handmade hems whether rolled, shirred, or flat, which will pay 1½ cents each and 50 per cent ad valorem."

That does not affect the business which we have been just talking about there because their handkerchiefs are not handmade hems.

Senator GREENE. Is it sworn to?

Senator BINGHAM. No; it is not. It comes to me from the secretary of the Mayaguez Hand Needlework Manufacturers Association, and I would like to have it go in the record for what it is worth, although it is not an affidavit.

Senator GREENE. Without objection that may be done.

(The letter and brief referred to by Senator Bingham are as follows:)

MAYAGUEZ, P. R., June 8, 1929.

HON. HIRAM BINGHAM,  
 Washington, D. C.

SIR: I have the honor to inclose in this letter copy of a petition addressed to the Senate Finance Committee through our Representative in Congress, Hon. Felix Cordova Davila, relating to the new tariff law.

As a member of said committee and a friend of Porto Rico, we appeal to you to help us secure these needed changes in the law, if from your knowledge of conditions here and the data submitted, you feel that we are entitled to such.

Very respectfully yours,

MAYAGUEZ HAND NEEDLEWORK MANUFACTURERS ASSOCIATION,  
 G. E. DOMENECH, *Secretary*.

**BRIEF OF THE MAYAGUEZ HAND NEEDLEWORK MANUFACTURERS ASSOCIATION,  
 MAYAGUEZ, P. R.**

TO THE SENATE FINANCE COMMITTEE,  
 Washington, D. C.

GENTLEMEN: We desire to bring before you the matter of new tariff rates on handkerchiefs as approved by the House of Representatives, and to suggest the introduction of certain changes which we deem vital to the hand embroidered handkerchief industry of Porto Rico.

These changes refer to paragraphs 1016 and 1530, which read as follows:

"Handkerchiefs wholly or in chief value of vegetable fiber, except cotton, finished or unfinished, not hemmed, 35 per centum ad valorem; hemmed or hemstitched, or unfinished having drawn threads, 50 per centum ad valorem."

We recommend that this paragraph be revised to read:

"Handkerchiefs wholly or in chief value of vegetable fiber, except cotton, finished or unfinished, not hemmed, 35 per centum ad valorem; hemmed or hemstitched or unfinished having drawn threads, 50 per centum ad valorem, except handkerchiefs with hand made hems whether rolled, shirred, or flat, which will pay 1½ cents each and 50 per centum ad valorem."

See Exhibits 1, 2, 3, because as stated in our brief to the Hon. Ways and Means Committee, Porto Rico needs this protection to assure employment to a

large number of our working women who are engaged in the hemming of handkerchiefs by hand, and who are menaced by the keen competition from Europe, where the necessities of life being much cheaper (our standard of living compares to the standard of continental United States in a ratio of 75 to 100), they are able to produce very much below our cost, as evidenced by the French quotations of 4 francs, or 16 cents in American money, for hand rolling of ladies' handkerchiefs, which price with 50 per cent duty added thereto brings it up to a landed price of 24 cents, against 40 cents minimum price obtainable in Porto Rico for work of similar kind. With the increase requested such a handkerchief would figure as follows:

|  | Cost per<br>dozen |
|--|-------------------|
| Foreign hand rolling .....               | \$0. 16           |
| 50 per cent (proposed tariff), 1929..... | . 08              |
| 1½ cents each (proposed increase).....   | . 18              |
|  | . 42              |

The same difference in proportion exists in men's handkerchiefs rolled by hand.

Paragraph 1530 (b): We recommend that this paragraph be revised to read: "Handkerchiefs and mufflers, wholly or in part of lace, and handkerchiefs and mufflers embroidered (whether with a plain or fancy initial, monogram, or otherwise, and whether or not the embroidery is on a scalloped edge), tamboured, appliquéd, or from which threads have been omitted, drawn, punched, or cut, and with threads introduced after weaving to finish or ornament the openwork, not including one row of straight hemstitching adjoining the hem; all the foregoing, finished or unfinished, of whatever material composed, 4 cents each and 50 per centum ad valorem."

Because while 4 cents per handkerchief and 40 per cent ad valorem is sufficient protection for our cheaper types of handkerchiefs such as retail from 10 to 25 cents, it is inadequate in that it reduces the duty on the higher types of handkerchiefs, such as retail for 50 cents as shown in the following example:

|   | Cost per<br>dozen |
|---|-------------------|
| Foreign embroidered handkerchiefs, invoice price..... | \$2. 00           |
| 75 per cent duty, tariff of 1922.....                 | 1. 50             |
| Landed cost.....                                      | 3. 50             |
| Foreign embroidered handkerchiefs, invoice price..... | 2. 00             |
| 40 per cent ad valorem (proposed), 1929.....          | . 80              |
| 4 cents each (tariff).....                            | . 48              |
| Landed cost.....                                      | 3. 28             |

We contend that while the 10 per cent increase requested may afford the domestic industries a little more protection than they need, as 4 cents and 40 per cent ad valorem represents the rate requested by them, yet such increase is very insignificant in the low-price handkerchief which they make in proportion to the decrease in the high price which we make in competition with foreign countries as shown in this example of a handkerchief to retail for 15 cents:

|   | Cost per<br>dozen |
|---|-------------------|
| Foreign embroidered handkerchiefs, invoice price..... | \$0. 25           |
| 40 per cent ad valorem.....                           | . 10              |
| 4 cents each.....                                     | . 48              |
| Landed price.....                                     | . 83              |
| Foreign embroidered handkerchiefs, invoice price..... | . 25              |
| 50 per cent ad valorem.....                           | . 12              |
| 4 cents each.....                                     | . 48              |
|   | . 85              |

An increase of 2 cents per dozen against a decrease of 23 cents in the 50 per cent retailers. In the case of handkerchiefs to retail for 10 and 12½ cents this increase would be still less, while in the case of handkerchiefs to retail for 75 cents and \$1 the decrease would become still higher.

In considering this brief your honorable committee will undoubtedly have in mind uppermost the interests of American producers and wage earners, whether continental or overseas, the interests of the consuming public, and lastly the interests of foreign nations.

We contend that to accomplish the first our interests must be safeguarded along with those of continental manufacturers and wage earners, because, if we are placed at a disadvantage in regard to foreign nations in the production of high-price handkerchiefs, we shall become strong competitors against continental labor in the cheaper types which the new tariff rate aims to protect against Swiss and other European goods, as our entire population will have to turn exclusively to those cheaper types to earn their livelihood.

The American consumer is not injured in any way by the increases requested, because handkerchiefs are sold at fixed retail prices of 5, 10, 12½, 15, 25, 50, 75, \$1, etc., and in the examples we have given above, he will continue to pay the same price, the real benefit going to the foreign nations at the expense of Porto Rico.

In considering the interests of foreign nations the increase requested in paragraph 1530 (b) would not add any new burden but simply leave in force an equivalent rate for the higher types of handkerchiefs embroidered by hand imported from Ireland, France, Spain, and Madeira Islands to that prevailing under the tariff act of 1922, while the consequent small increase in the lower types coming mostly from Switzerland, embroidered by machine, can readily be absorbed by the foreign manufacturers, as has been shown in the hearings before the Ways and Means Committee, due to the low wages and economical methods of production that are possible in those countries, so that notwithstanding the increase in tariff requested in this brief their goods will continue to come into the American market, but more on an equal footing with goods produced in the United States proper and its possessions.

In closing, we wish to state that Porto Rico is mainly an agricultural country with limited crops, as most of its better lands are owned by corporations and devoted to the growing of sugar cane, tobacco, and fruits. It needs to develop industries to support its ever-growing population, and the hand-embroidery industry has been a source of employment and of purchasing power for 70 per cent of our female and 20 per cent of our male population. If this purchasing power is curtailed, it will mean a decrease in sales by American firms, as we practically import everything we consume and 95 per cent of our total annual imports, amounting to nearly \$100,000,000, come from the United States.

We have been of late receiving many samples of embroidered handkerchiefs from China from our customers. They have asked us to give them prices to see whether we can not compete with the Chinese handkerchiefs but this, no one on our island can do and live. The prices at which our customers can have these handkerchiefs made in China are so low that we can not understand how anyone can live even in a country where everything is so cheap as it is in China. The very lowest for which we could make the kind of embroidery which our customers want us to match from China would be at prices five or six times as much as they pay. Many samples which we have seen cost less with the duty, freight, cloth and the Chinese makers profit than our labor alone. Sometimes this difference is more than 20 per cent and we are afraid that if our request for the duty which we have mentioned in our previous brief is not granted that the industry which supports so many of the women and families on our island will be entirely lost. Already some of our very good customers regret that they must move their office to China and every day we fear there will be more. We therefore most earnestly request that you give our petition consideration and save the hand-embroidery industry on the island of Porto Rico.

Respectfully submitted through our Representative in Congress, Hon. Felix Cordova Davila.

MAYAGUEZ HAND NEEDLEWORK MANUFACTURERS' ASSOCIATION,  
GLORIA E. DOMENECH, *Secretary*.

## LETTER FROM THE STEWART DRY GOODS CO., LOUISVILLE, KY.

(Linen handkerchiefs, par. 1016)

Senator SACKETT. Mr. Chairman, yesterday on the subject of handkerchiefs, I asked leave to file a letter for the record, but I did not have it with me at that time.

Senator GREENE. Is it sworn to?

Senator SACKETT. I will swear to it.

(The letter referred to is as follows:)

LOUISVILLE, June 3, 1929.

HON. FREDERICK M. SACKETT,  
Washington, D. C.

DEAR SENATOR: Several of our sources of supply of imported handkerchiefs have called to our attention the increased tariff rate of plain linen, hemmed or hemstitched handkerchiefs, also to that portion of the tariff which applies to imported embroidered handkerchiefs.

We are further advised by our suppliers that the tariff committee is about to complete a special investigation of the foreign and domestic production cost of embroidered handkerchiefs and that the result of this will be given to the Committee on Ways and Means for the purpose of assisting them in their final determination of the rate of duty which will be fair to the American producer and consumer.

May we take the liberty of calling your attention to one or two things in the schedule, as at present exists:

The increase in tariff was made by the Ways and Means Committee because the importation of these "has been increasing in quantity and steadily decreasing in price." There are several reasons for this: First, the price of linen has steadily decreased from post war high levels. Second, the size of handkerchiefs has decreased from 144 square inches to 100 square inches, the production involving one-third less material. A large percentage of these imports were handkerchiefs in the unfinished state which were subsequently sent to Porto Rico for embroidery, or were completed within the States.

On imported embroidered handkerchiefs, retailing at 15 and 25 cents, the discarding of the old ad valorem tax of 75 per cent and the changing to the new compound duty of 4 cents per handkerchief and 40 per cent ad valorem, definitely eliminates the 25-cent linen handkerchief from sale. It so happens that in our particular store this item amounts to quite an appreciable volume.

As we understand it, the new tariff affects only the two prices mentioned in this letter, i. e., 15 and 25 cents, and does not in any way affect the 5 or 10 cent handkerchief.

We believe that the interest which we have in the tariff provision represents the interest of every other retail merchant in Louisville. We would appreciate greatly your interest in this matter.

Very truly yours,

THE STEWART DRY GOODS Co.,  
WILLIAM B. PIRTLE, Vice President.

## JUTE MANUFACTURES

[Pars. 1003, 1008, 1018, and 1019]

### STATEMENT OF HON. JOSEPH E. RANDELL, UNITED STATES SENATOR FROM THE STATE OF LOUISIANA

Jute yarns, par. 1003; burlap, par. 1008; jute bags, par. 1018; jute bagging, par. 1019; also including raw jute, par. 1693]

(The witness was sworn by Senator Greene.)

Senator RANDELL. Mr. Chairman and gentlemen of the committee, I am here in the interest of my bill which was presented to the Senate on the calendar day of June 11, 1929, proposing an amendment to H. R. 2667, in order to change the rates on jute and the products thereof. You gentlemen are quite familiar with the subject, and I will not attempt to read the bill or explain its provisions at this time, but I will offer it in connection with my testimony.

(The bill referred to will be found printed at the end of the testimony of Senator Ransdell.)

Senator RANDELL. Gentlemen, this subject is one of considerable interest to the cotton industry of the South. You are going to hear from several witnesses this morning who are advocating the same measure that I do, and I will not attempt to cover all phases of the proposition. In fact, I will state it rather briefly.

I am a cotton grower myself and represent a State which produces a considerable quantity of cotton—the State of Louisiana. For some years the cotton growers have realized that they are producing more cotton than there is a fair market for. In other words, they have realized, as almost all other businesses have, that the production is greater than the consumption.

We are large exporters of cotton in this country. I believe that over 57 per cent of our American production of cotton is exported. Hence, it is very hard to get aid directly through import duties through an application of the protection policy which is being carried out so largely at the present time under the present law, and will to a greater extent be applied under the House bill, especially to agriculture.

Products which are imported into this country can have a direct rate of duty imposed upon them, with a resultant benefit to the American production of that commodity; but when America produces considerably more than it consumes at home the only way the product can get a benefit from the tariff is indirectly by applying the principles of the tariff to anything that comes in competition with this particular product which is sought to be benefited.

There is one commodity which does compete very largely with cotton and which is brought in practically free from foreign lands, and that is jute. Jute is an Indian fabric, grown by the pauper labor of India, practically in its entirety in the Province of Calcutta, India. The production of it has grown very rapidly. In 1894, if I recall the figures correctly, the Indian production of jute was about 5,500,000 bales, the equivalent of our cotton bales of 500 pounds, and the production increased at the rate of about 2,000,000 bales for every decade thereafter, until in 1914 the production of jute in India was 9,500,000 bales, an average increase of 2,000,000 every 10 years. That shows how rapidly it has been increasing.

The importation and the use of Indian jute in this country has increased just about as fast. I am not going to give you the exact figures on that, as they will be presented in detail by Mr. Leavelle McCampbell, a large manufacturer of cotton textiles, and by Mr. Odenheimer, a big manufacturer of cotton textiles, from my own State of Louisiana. They will show you how enormous has been the American consumption of articles made of jute in the last 25 or 30 years; how jute is now taking the place of a very great deal of cotton; and how it is answering the purposes which could be just as well or better answered by fabrics made of cotton.

If my information is correct, we should use cotton instead of jute for such things as packing furniture, for making bags and sacks for the innumerable uses to which they are applied, for making strings, twine, and so forth, for making covering for the cotton itself—bagging, as it is called—for making linoleum to cover floors, for the thousand and one uses to which jute is put and to which the friends of cotton contend cotton could be better put, with the result that we would furnish a market and a demand for more than 1,000,000 bales of cotton every year.

Gentlemen, that would be a very considerable additional demand. Cotton sells for about \$100 a bale at the present time, or somewhere in that neighborhood. It is a little less right now. If we could increase our annual demand for cotton by 1,000,000 bales, the best

economists and the most thoughtful students of the subject think that it would enhance the value of the American crop not less than two cents a pound, or \$10 a bale, which would apply to the whole American crop of about, let us say, 15,000,000 bales; sometimes it is a little more and sometimes a little less. It would add, in other words, \$10 per bale to 15,000,000 bales, or \$150,000,000 to the value of the cotton crop.

Now you say, "Senator, that may be true; but somebody will have to pay that \$150,000,000, and while it might benefit the cotton growers, it perhaps would injure someone else." That is not the principle, I say to you, that is applied to other commodities protected by the tariff. Whenever we put a tariff on any commodity—and we have then on nearly everything—it adds somewhat to the price of those commodities to the consumer.

Gentlemen, over half of our cotton is shipped abroad, so that the foreigner would pay over half of this \$150,000,000.

It seems to me that when you gentlemen consider a question of this sort, you should bear in mind that the purpose of this bill is to treat every kind of industry, whether it be in the form of a factory or business of any kind, exactly alike; to apply the protective principles fairly equally to every commodity and every business. I do not think any of you will deny that; that it is your duty and your purpose to see that every citizen of America is treated alike in the preparation of this bill.

I say to you as a man who is engaged in raising cotton, whose whole interests are in that business, and who has studied it for years, that the cotton grower gets no benefit from the protective policies of our Government, which have prevailed for a great many years, and which I say to you that I have always supported—voted that way during my 30 years in Congress. I believe in the principles of protection. I believe that the principles of protection have built up our country wonderfully, and it has always been a sore subject with me that this great product of the South could not receive the same degree of protection and of aid that other commodities and other sections have received.

You ask me, "Now, Senator, does cotton need this; and would it be really aided if a duty is placed on jute?" I say to you it does need it; it needs it badly, especially the low grades of cotton, gentlemen, which will come into competition with the low-grade articles made of jute. Cotton is made by the laborers of the South who receive a wage of from 75 cents to \$2 per day—75 cents for women, and \$1.50 to \$2 for the men. It is a tremendous business in the South. It is the principal business of nearly the entire southern section of this country; and cotton, as you know, is that commodity which, more than any other, established and has furnished the balance of trade in favor of our country with foreign lands for a long, long time. It is a commodity well worth the kindly interest of the Government.

The only thing I know of that competes substantially with cotton at the present time is jute, made by the pauper labor of India, who receive 16 cents per day for their services—that is, the men do—as compared with \$1.25 to \$2 paid to the men on the southern farms; and the women in the jute fields are paid nothing. They strip the bark from the core or central stem of the jute, and they are kindly permitted to carry home the stems and the bark with them, to burn, but they are not paid any money, at all.



(At this point Senator Bingham entered the committee room.)

Senator BINGHAM. May I interrupt you there, Senator?

Senator RANSDALL. Certainly.

Senator BINGHAM. I have heard it said that we sold to India some of our own raw cotton. Is that true?

Senator RANSDALL. Yes; probably we do, Senator. I can not answer that question offhand definitely. Possibly Mr. McCampbell or Mr. Odenheimer can answer that question when they are on the stand. As I said, we export nearly 60 per cent of our cotton; but whether we export or not, is not the question. We do import from India a very large quantity of jute, the equivalent of over 1,000,000 bales of cotton every year; and what I am trying to do is to get a law practically prohibitive—that is the plain language of it—so that we will use, in America, American cotton in lieu of that 1,000,000 bales of jute now brought in; jute made by this pauper labor; that jute manufactured by this pauper labor; that jute made in mills which are now paying 54 per cent per annum on the investment, as compared with the ridiculously low rate paid by American mills; that jute which is making the people who have their money in it rich and powerful, at the expense of the mills of this country and the industry of this country. That is what I am trying to get at, Senator; and there is a good deal of American money invested over there.

Senator SACKETT. The cotton that competes with this jute is largely the Osnaburgs, is it not?

Senator RANSDALL. Yes; it is largely a lower grade.

Senator SACKETT. And you do know there is none of that exported to India?

Senator RANSDALL. I do not know for certain of any of that being exported. I am not familiar with the details of our exports.

Will you let me answer that question in connection with the Osnaburgs a little bit further? Much of our low-grade cotton, and the cotton-growing industry of the United States is rapidly moving, and has already moved, west of the Mississippi River. The center of the production of cotton is now west of the Mississippi River. It is rapidly developing in that great region in northeastern Texas and Oklahoma, where they have those practically grassless plains on which a man can cultivate from 75 to 150 acres of cotton—one man—with the aid of machinery; and that cotton is picked not with the picker that you read so much about, but it is picked substantially all with a machine called a sled. They "sled" that cotton, and much of it makes this low-grade stuff, Senator Sackett, which is converted into Osnaburgs, and everything else bordering on Osnaburgs would compete with jute; and if you get a reasonable duty such as is asked for here, it will answer every purpose, practically, that jute answers, and answer it better, because cotton is a better commodity than jute.

Senator BINGHAM. Is it not going to increase the cost of the wrapping of the cotton bales to the cotton planters themselves?

Senator RANSDALL. Senator, it is thought that it will increase it a little. I have a bill, by the way, which I would like to put in as a part of the record, to require the sale of cotton by net weight. We have an anomalous condition in the cotton industry. Cotton is now sold by the gross weight of a bale of cotton. The standard is 500 pounds, and the covering of bagging, which is jute, weighs around 14 pounds, and the weight of the ties—the iron and steel ties—is about

9 pounds, which makes 23 to 24 pounds for the covering that is on a bale of cotton, and yet, Senator, when the bale of cotton is sold it is sold gross and you get paid apparently for 500 pounds of cotton, although there is really only about 476 to 477 pounds of cotton.

Senator BINGHAM. And the rest is jute?

Senator RANSDALL. The rest is this worthless jute—jute and worthless ties.

Senator SACKETT. If it were sold on the other basis, of the net, you would get less for your cotton, would you not?

Senator RANSDALL. We would get more for it, Senator.

Senator SACKETT. Would you?

Senator RANSDALL. Yes.

Senator SACKETT. Would not the fellow that is buying it simply reduce the price?

Senator RANSDALL. No, sir; the farmer is a pretty shrewd fellow. He gets all he can.

Senator SACKETT. I do not know as it is a matter of shrewdness. I should think that when he is buying gross he would pay one price and when he is buying it net he would pay another.

Senator RANSDALL. He would pay another price, Senator; but what the mill desires is the lint. It spins the lint. It has no use for this jute or the ties, which have answered their purpose. Their sole purpose is to get the commodity to market.

Senator GEORGE. Some people think that the cotton trade buy ties and bagging at 20 cents a pound.

Senator RANSDALL. Yes. The people of France, Germany, and all European countries buy absolutely on net weight, and when a bale of cotton is shipped from the port of New Orleans, let us say, to Liverpool, that bale of cotton weighs, gross, 500 pounds, and the Englishman says, "Well, gentlemen, we have agreed on the general rule by which we will deduct 6 per cent for tare"; so that they pay for 470 pounds of lint cotton. The 30 pounds is recognized as the weight of the covering, on the other side.

The cotton does not have 30 pounds of tare on it normally when it leaves the gin; so, in order that the commission merchant may not lose by the transaction, it is customary to add a patch of 6 or 7 or 8 pounds of rough looking bagging to that bale before it goes on the ship—what they call patching cotton—and what is paid for is lint, the net of 470 pounds. That is the universal customs abroad. Sale by net weight is the custom with regard to cotton that comes from India and with regard to cotton that comes from Egypt and the cotton that comes from all countries except America; and yet in this country we follow an archaic rule, and I am trying to get that changed by law. Mr. Fulmer, a Congressman from South Carolina, is getting a bill passed through the House providing for the sale of cotton by net weight.

We do not propose, at all, to cut out jute. We simply fix three standards of wrapping for cotton, one made of jute—that is the ordinary cotton bagging made of jute—one made of jute woven into sugar-sack cloth or burlaps much of which is reclaimed and used again as cotton bagging, and one of Osna-burgs—or, rather, that is not Osna-burgs, but that is made under a special patent which my friend Mr Odenheimer, of New Orleans, discovered—and that would be fair.

Now coming back to the necessity of more markets for cotton—  
Senator BINGHAM. Before you go to that, Senator, may I ask you a question?

Senator RANSDALL. Yes.

Senator BINGHAM. I did not quite follow you as to the advantage to the cotton farmer of having cotton sold by net weight, if he had to pay more for his sacking, as he certainly would if you put a prohibitive duty on the jute so that it would compete with a covering made of cotton. What would happen then? Would the man who buys the cotton in Liverpool be willing then to pay just as much for the covering as for the lint?

Senator RANSDALL. He does not pay anything for the covering now—the man in Liverpool does not. That is not a fair way of stating it.

Senator BINGHAM. Do you think he would, if it was covered with cotton sacking?

Senator RANSDALL. It would be a better commodity, covered with cotton. The experts testify that the cotton bagging takes better care of the lint; it gets to market in better shape, and when the cotton bagging is stripped from the cotton, it does not have a lot of lint sticking to it. Jute is a very coarse, rough material, and we find that the fiber of the cotton sticks in greater or less quantity to the jute covering when the latter is removed, but it does not stick to the cotton covering. The Agricultural Department has made very careful tests of bales of cotton covered with cotton bagging, bales covered with jute bagging, and bales covered with sugar sack cloth, and they have decided in favor of cotton bagging as an altogether better covering for it.

Now answering further your question, I believe it would cost the farmer a little more; it is figured out probably 35 or 40 cents a bale additional to cover his cotton in cotton bagging. But, Senator, what would that amount to if he was getting 2 cents a pound more for his cotton because of the elimination of jute? It would cost 35 or 40 cents more on the cotton bagging, and he would pick up \$10 on the other hand.

Senator BINGHAM. What makes you think that in the market of Liverpool there would be that additional 2 cents paid for his cotton because it arrived there in different shape from what the cotton arrived coming from India?

Senator RANSDALL. It is not a question of the market of Liverpool, it is a question of the market in this country. Whenever we have a surplus of 1,000,000 bales, our experience is that the market drops 1 or 2 or 3 cents a pound. If we can provide some means by which this surplus will not occur, but will be consumed, will take the place of jute to be used in this country, then we do not have that drop of 1 or 2 or 3 cents in price.

Senator BINGHAM. Do you think you could control production so that with these Western lands and the machinery, the farmer would not go on producing more?

Senator RANSDALL. That is very hard to do, Senator. It is very hard to arrange it in any way. We do not control the production of our manufactured commodities when we put all these heavy rates of duty upon them that practically exclude foreign manufactures; but they have gotten along mighty well under that; and I glory in

the policy, and I would like to see the same kind of policy applied to the products of the southern cotton farmers.

Senator SACKETT. Do you think, Senator, as a cotton man, that the use of these low grade Osnaburgs, or whatever you may call them, to the extent of a million bales additional, would cause the whole cotton crop to be increased in price two cents a pound—long staple and all?

Senator RANSDALL. Well, Senator, I am not so sure about the long staple. There is a bill before you gentlemen proposing a duty on long staple; but long staple cotton is only a small part, proportionately, of the whole product.

Senator SACKETT. Then, take inch cotton.

Senator RANSDALL. In my judgment it would.

Senator SACKETT. As much as 2 cents a pound?

Senator RANSDALL. I think it would. It is a matter of surmise.

Senator SACKETT. Are they not really two entirely different commodities, the Osnaburg and the inch cotton?

Senator RANSDALL. I do not know, Senator. I think the Osnaburgs are made of cotton shorter than an inch; but I am not an expert in those matters.

Senator SACKETT. I am using the word "Osnaburg" simply to indicate the class of cotton that is in competition with the jute bagging.

Senator RANSDALL. Yes, sir.

Senator SACKETT. I question the point that you raise, as to whether the increased use of that low-grade cotton, which is in great supply, and more than the demand to-day, would have the effect of raising the value of spinning cotton, middlings, and that class.

Senator RANSDALL. I am under the impression that it would, Senator. If the total crop averages around fourteen to fifteen million bales, and we can devise a means which will add to the demand, the annual demand, several million bales, that is a very large percentage, and it would naturally cause the price of all kinds of cotton to go up. Whether it will go 1 cent, 2 cents, or 3 cents, I do not know. Some economists think it would cause the price to rise at least 3 cents. I do know that it is a fact—and I believe everyone can bear me out in that—that when we have a well-recognized surplus of at least 1,000,000 bales of cotton, more than the mills of this country need and the mills of the foreign countries need, and we feel that that million bales is going to be stored away in warehouses, it has a most depressing effect upon the price of the entire crop, not so much on the long staple, as it does on the medium grades of cotton; but it has a very depressing effect.

Senator SACKETT. One other question I want to ask you. This jute which you seek to displace is largely used by farmers of other producing crops, as well as cotton, for the sacking of wheat, and that sort of thing, and if that were prohibited from importation, as you indicate it should be, it would increase the cost of the preparation of those other agricultural products by the use of cotton sacks in place of those now used. This is a tariff which is primarily supposed to be in the agricultural interest, and if you increase the cost of agriculture through requirements for the use of this higher priced material, will it not be said that it is not a tariff to help agriculture, but is a tariff to help the manufacturer of cotton sacking?

Senator RANSDALL. Senator, if your premise were strictly correct, your conclusion would be correct.

Senator SACKETT. Is not the premise correct?

Senator RANSDALL. I do not think it is correct. There would perhaps be a slight increase in the cost of the sacks and bags used for groceries, cement, fertilizer, sugar, rice, and corn, and all those things; there would be a slight increase, but it would be so slight that it surely could not be said that the placing of a duty on jute, to give the cotton grower a chance, to put the cotton grower somewhat on terms of parity with the sugar man, would not be justified.

You are giving the sugar man a duty, and I thank God for it. You are putting a duty on wheat, and I glory in your efforts to do that. You are putting a duty on practically every commodity of the farm, and I applaud it. You are putting a duty on oil made from cotton seed, and all these other things, and I applaud you in that. You are applying the same principles to most agricultural commodities that from time immemorial you have been applying to manufactured articles. Why not, gentlemen, go down the line? That is all I ask. Treat cotton as you are treating the others.

Senator GEORGE. How many people are engaged in cotton production, approximately?

Senator RANSDALL. I could not answer, but it is the principal industry of a great many States.

Senator GEORGE. Something like 2,000,000, I believe.

Senator RANSDALL. At least that number, Senator George.

Senator GEORGE. Every tariff on sugar, and on wheat, and on rice, if it is effective, increases the costs of the cotton producer, does it not?

Senator RANSDALL. It certainly does.

Senator GEORGE. And the cotton producer is the most numerous of all of the staple producers, is he not?

Senator RANSDALL. Absolutely, and the articles of which you just spoke—wheat and sugar and other things—are marketed in bags made of this free jute, which is manufactured by pauper labor, and produced by pauper labor.

Senator SACKETT. That is the point about which I wish to ask. I am not combating you at all, but I wanted to know what the effect would be on those other farmers.

Senator RANSDALL. A slight increase, but they have no right to complain, because when you put a duty on the manufactured commodities the farmer has to use, machinery of every kind, shoes, clothing, everything, does he not have to pay a little more for them? Of course he does. That is exactly what the tariff does.

Senator SACKETT. If we are going to do all those things, how are we going to land on an agricultural tariff?

Senator RANSDALL. Try to equalize them. Treat them all alike.

Senator SACKETT. But you know we can not raise the tariff on wheat and accomplish anything. We have heard that quite frequently, and the only net result to the wheat farmers of these increases is going to be a higher cost.

Senator RANSDALL. You have the tariff there. I do not know just how it is going to work. We have been trying to pass a bill which we hope will help the wheat growers, but I am pointing out something that will absolutely help the cotton grower. There is no doubt about it, and it ought to be done.

Senator BINGHAM. Would it not be a similar case if we were to be asked to put a tariff on Scotch oatmeal so that people would have to eat more wheat?

Senator RANSDELL. Not at all.

Senator BINGHAM. Or a prohibitive tariff on any other foodstuff coming in, so as to force people to eat more wheat?

Senator RANSDELL. No; I do not think that is comparable.

Senator BINGHAM. We are planting a great many apple trees in New England, and in the Northwest. I do not know much about it, although I have an apple orchard myself, and I was told when I put it in that there would be a great market for those apples, very finely selected apples, but it looks now as if we would have to give it up because people eat so many bananas in the summer time. Would it not be comparable if we should put a prohibitive tariff on bananas, so that the people would buy apples?

Senator RANSDELL. I do not think it is a comparable case. There is something that is raised in competition with cotton.

Senator BINGHAM. We do not raise it here. You are not asking us to put a duty on it so as to protect the American growers of jute, or American manufacturers of jute that is grown in America.

Senator RANSDELL. We do not raise it in America, so it would not apply to that.

Senator BINGHAM. That is the point. You are asking what seems to me to be an entirely new thing. You have said that in Louisiana there are a lot of jute plantations which can not compete because the labor in India is so much cheaper than ours, and we need a tariff so as to help us to raise jute.

Senator RANSDELL. No, Senator, you misunderstand me. There are no jute plantations in Louisiana or in any other State in the Union. I am asking for a duty on jute to assist me in getting a higher price for my cotton that is used in the same way jute is used.

Senator BINGHAM. That is the same as asking that we put a duty on bananas in order to help the apple growers.

Senator RANSDELL. If you ask me to let you put a duty on bananas in order to help the apple growers, I will not say you may not. I am asking you to apply the principles of the protective tariff, which has done more than any other thing to build up this country and make it the greatest, richest, and most powerful on earth. I ask you to apply those protective principles all down the line, and not single out the greatest industry of the South and let it receive none of the benefits of the protective tariff. I tell you that you can not impose a duty on the imports of lint cotton and benefit short staple cotton. You can benefit some on the long staple, of which Senator Sackett was speaking, by imposing a pretty good rate of duty upon importations of long staple cotton, but that is a small part of the crop. You can aid materially, however, by putting a good stiff rate of duty on the articles that compete with cotton. That is all we ask.

Senator SIMMONS. Senator Ransdell, of course we want to protect the farmers, just as the manufacturers are protected. That is the theory of both parties at this time. It seems to be the theory that the farmer is entitled to equality of benefits, if there are any from the tariff.

This jute bagging is a product the farmer is now buying, and buying in large quantities. It is on the free list. Leave off what

you said about cotton. It is to the farmer's interest, if he is to buy jute, to have it on the free list, is it not?

Senator RANSDALL. Perhaps so.

Senator SIMMONS. Leave out all of the question about the market for cotton, and consider the matter from the standpoint that the farmer is now using jute bagging. It is to his interest, if he has to continue to use that, to have it on the free list, is it not?

Senator RANSDALL. If you limit it to cotton bagging—

Senator SIMMONS. I am going to follow you, but there is one equation I want to work out.

Senator RANSDALL. If you limit it to cotton bagging, which probably would require around 150,000 bales of cotton per annum, not more than that, there might be some force in your contention.

Senator SIMMONS. I am making no contention at all; I am simply asking you a question.

Senator RANSDALL. Please repeat your question. Pardon me, but I did not understand it.

Senator SIMMONS. Leaving out all the argument about this being subsidy, the farmer is now using jute bags in which he puts his wheat and his fertilizers. If the farmer has to continue to use jute, it is to his interest that jute should be on the free list, is it not?

Senator RANSDALL. No, sir; not if we are going to pass a law which will cause him to get a much higher price for his commodity.

Senator SIMMONS. I ask you to forget that for a minute, and consider the condition of the farmer and market man now. Jute is the only thing he wraps his cotton in.

Senator RANSDALL. Because of an anomalous condition I discussed before you came in.

Senator SIMMONS. I want you to answer the question, if the farmer has to use jute in his bagging, it is to his interest to have jute on the free list?

Senator RANSDALL. If I take your question in its contracted sense—

Senator SIMMONS. No; I want you to take the question as I asked it.

Senator RANSDALL. I will answer your question as a whole, or not answer it at all. If we had no question before us but the covering of the raw cotton with bagging, it would be easy to answer the question as you ask it. But there is before the American Congress a proposition to force the sale of cotton by net weight—a rule which is followed all over the world except in this country. It is archaic that we do not sell it by net weight here, and a measure looking to that end is going to become a law within the next 12 months. Practically every one in the South is back of selling cotton by net weight, and when sold by net weight, then the farmer will have a chance to cover his cotton with jute, or with burlap which is made of jute, or with cotton bagging. It would cost him just a little bit more to cover his cotton with cotton bagging, unless you have this law changed, and in that event the cost would be about the same. But suppose he does pay a little more for the bagging on his cotton, and gets considerably more for the lint. Suppose he gets even 1 cent a pound more, and certainly nobody would contend that it would not raise the price of cotton at least 1 cent a pound; he then would sell the cotton at \$5 a bale more, and it might cost him 35 or 40 cents more per bale to put that covering on. So I contend the great, broad thing for the

farmer to look at is to get a greater market for at least a million bales and not for possibly only 150,000 bales, for merely the bagging on his cotton. He has to take it in the broadest sense. He can not look at it in a contracted sense. That is the answer to your question, I think.

Senator SIMMONS. Then, if I understand you correctly, you say that unless we put a duty on jute the farmer will continue to use jute bagging.

Senator RANSDALL. To some extent he will.

Senator SIMMONS. Which is equivalent to saying that if we should put a duty on jute, the farmer will be driven from the use of jute; that it is now to his advantage to use jute, but if it is put on the dutiable list, he will be at a disadvantage if he uses it.

Senator RANSDALL. Suppose he is driven to it, and suppose he uses 5 pounds of cotton bagging, that costs him 20 cents a pound. That means \$1. Suppose, instead of that, as it is now, he uses 14 pounds of jute bagging that cost him 12 cents a pound. I can not see that the cotton is costing him any more, hardly as much. You take so many more pounds of the jute, Senator Simmons. And do not overlook this fact, that the transportation charge is one of the most important things in connection with the whole question of a light covering or a heavy covering for the cotton. The farmer has to pay the cost of carrying the cotton from his farm to Liverpool, or to New England, and if by covering it with light cotton he saves about 9 or 10 pounds in the gross weight of the bale, it is a very important thing. All of that enters into the equation.

Even if he has to pay a dollar and a half a bale for wrapping that cotton—as it is, it costs 75 cents—he has then lost on one side 75 cents a bale, and he has gained not less than \$5 a bale in the price of the commodity. So he is benefited very materially.

Senator SACKETT. That is all right where you have a cotton man wrapping cotton, but now talk about the wheat man using a jute sack. He does not get any comeback.

Senator RANSDALL. He gets this comeback, he has a lot of people all over the Southland, in the States of North Carolina and South Carolina and Georgia, Florida, Alabama, Mississippi, Tennessee, Arkansas, Louisiana, Texas, Oklahoma, New Mexico, Arizona, and parts of California, who have about \$150,000,000 a year, and that will permit them to buy a good deal more wheat than they can buy now. They will not have to eat so much corn bread as they are obliged to eat now, and it will make all those States possessed of far greater purchasing capacity than they have now. It means more prosperity to the citizens of America. It is better business all around. It applies the principles of the protective policy all over the South, and they do not prevail there now for the great commodity of the South.

Senator SACKETT. How much would that raise the price of wheat?

Senator RANSDALL. I think a better form of that question would be, how much is it going to cost the wheat farmer additional for that little sack?

Senator SACKETT. Yes.

Senator RANSDALL. A great deal of the wheat is shipped in cotton sacks now, not the wheat itself, but flour. Practically all that goes



down to my country goes in cotton sacks now. It would be a fraction of a cent per sack. I can not tell you exactly. I am no expert.

Senator SIMMONS. I wanted to follow up what I was asking you a few minutes ago, and I am not doing it in a spirit of controversy, but I am trying to get at the real issues involved in this proposition of yours.

Senator RANSDALL. Yes, sir.

Senator SIMMONS. Let us go to your second proposition; that is, that it would be to the benefit of the farmer to force him to use cotton bagging instead of jute bagging. Under present conditions he uses jute because jute is on the free list.

Senator RANSDALL. And because we sell cotton by gross weight.

Senator SIMMONS. Let me finish my question. If we put jute on the dutiable list, we will make the price of it so high, you say, that a farmer will go to the use of cotton.

Senator RANSDALL. He will have a chance to decide between them.

Senator SIMMONS. We want to benefit the farmer.

Senator RANSDALL. Yes, sir.

Senator SIMMONS. If you can convince me that this substitute will be in the interest of the farmer, I shall certainly support it, because I want to help him. I think he is the man who now is primarily in need of help. Your proposition is that it will help him.

Senator RANSDALL. By increasing the market, the demand, for his cotton.

Senator SIMMONS. A witness here yesterday said that the difference between the cost of cotton bagging and of jute bagging was at least 54 cents a bale. Is that correct?

Senator RANSDALL. I can not tell you. Probably it is in that neighborhood. I can not answer that question.

Senator SIMMONS. Upon the basis of a 16,000,000-bale crop, that would mean over \$8,000,000.

Senator RANSDALL. Yes, sir.

Senator SIMMONS. The other uses of jute bagging will probably equal, if not exceed, those of cotton, will they not?

Senator RANSDALL. Do you mean jute bagging, or jute?

Senator SIMMONS. Jute used in making bags.

Senator RANSDALL. Senator, if we could supplant all the uses of jute by cotton, it would make a market for over a million bales.

Senator SIMMONS. I am not speaking of cotton now. I will leave cotton. You said 54 cents a bale was probably about right. That would be \$8,000,000 that he would lose on a 16,000,000-bale crop.

Senator RANSDALL. And would gain \$150,000,000.

Senator SIMMONS. Let us get through with one thing at a time. Now I ask you if you do not think that the other uses of jute bagging by the farmer will equal his use of it for the purpose of wrapping cotton.

Senator RANSDALL. I do not quite understand the question. He does not use bagging for any purpose except to cover cotton. You mean sacks, and things of that kind?

Senator SIMMONS. When he buys fertilizer, he buys jute bags with it.

Senator RANSDALL. You probably mean burlap.

Senator SIMMONS. It is the same thing; we used the words interchangeably here yesterday; but it is a burlap made out of jute.

Senator RANSDALL. Yes.

Senator SIMMONS. The volume of burlap used for purposes of bags to put materials in which the farmer buys, is now equal to, I should say, if not greater than, the amount of jute that is used in the manufacture of his wrappings for cotton.

Senator RANSDELL. I could not answer that. I do not believe anybody else can. It would be a guess.

Senator SIMMONS. I probably know about as much as the average layman, because I buy several tons of fertilizer a year, and that is the only use I have for large bags. But other farmers sell wheat in large quantities, and have to buy bags to put it in. Did you say that in the other uses of burlap, the amount of burlap that goes into the manufacture of bags which the farmer uses was greater than the amount of jute that goes into the cotton bagging he uses?

Senator RANSDELL. Perhaps so; I do not know.

Senator SIMMONS. Then, if there is a loss in the bags used for other purposes than as wrapping for cotton equal to the loss in the use for cotton wrapping, that would mean \$8,000,000 more a year, which would mean a loss of \$16,000,000 by the farmer a year by reason of this substitute. If you can satisfy me that the benefits to the farmer would offset and overbalance that \$16,000,000 of loss, then I would say it was to the benefit of the farmer to coerce him into the use of cotton instead of jute.

Senator RANSDELL. Assuming you are right, you figure out—

Senator SIMMONS. If you can convince me of that, I shall be delighted to support you.

Senator RANSDELL. I will be delighted to try; I do not know that I can convince you. You figure on a 16,000,000-bale crop of cotton, and you figure it out on the basis of the farmer being obliged to use jute, as now, and he will suffer an annual loss of around \$16,000,000. While he suffers that loss of \$16,000,000, he and the other people of America are buying an enormous quantity, something like 1,165,000,000 yards, of jute from India, a perfectly enormous quantity, as will be shown to you by some of the expert witnesses. It runs, not into \$16,000,000 a year, but it runs into hundreds of millions of dollars a year. That 1,165,000,000 yards of jute takes the place of at least 1,000,000 bales of cotton. In other words, if we could keep the jute out of this country, we would then use, in lieu of jute, over a million bales of cotton.

As I tried to explain before you came in, Senator Simmons, it is my humble opinion, and I have talked to many people who are thoughtful on the subject—and I have been a cotton grower myself—it is my humble opinion that if we can increase the annual demand for cotton 1,000,000 bales, or thereabouts, we will increase the price of cotton at least two cents per pound, or \$10 per bale, or, on a crop of 16,000,000 bales, \$160,000,000.

Senator, we are making more cotton than we can sell. It is being produced very rapidly in Texas, as I tried to show before you came in. They are picking it by a sledging process. They are making a lot of the low grades of cotton which particularly compete with jute, and it is imperative that we increase the use for this low-grade cotton. That is the important thing.

Senator SIMMONS. If I understand you, you say that if we can make a market for a million more bales of cotton, we will increase the value of the cotton crop \$160,000,000?

Senator RANSDELL. Around 2 cents a pound, yes, sir.

Senator SIMMONS. That is a pretty broad statement, I think.

Senator RANSDELL. Senator, you are a wise man, and you have been raising cotton more or less. Did you ever see a surplus of a million bales yet that did not depress the price 1 or 2 or 3 cents?

Senator SIMMONS. I think that is probably true, but there are more years in which the supply of cotton produced is less than the world's demand than there are years in which there is an excess.

Senator GEORGE. Then the price would go higher, would it not?

Senator RANSDELL. Certainly, and the jute would come in then.

Mr. Chairman, I do not want to take up all the time. I would like, in connection with my remarks, to introduce and make a part of them an article from the Manufacturer's Record of June 6, 1929, an editorial entitled "Enormous Profits of India Jute Mills." In the same connection, and in the same magazine, there is an article by Mr. Wilbur F. Wakeman entitled "Cotton versus Jute."

Finally, I would like to reproduce certain extracts from the resolutions favoring the sale of cotton by net weight and the imposition of an effective import duty on jute, adopted by the American Cotton Manufacturers Association at its annual convention, held at Atlantic City last month.

In conclusion, I want to say that there are present two prominent citizens here from the South—

Senator SIMMONS. There is one other question I would like to ask. I want information. Suppose we do put a duty on jute and drive the farmer to use cotton. Do you think he would get the full benefit, or would the manufacturer absorb a large part of the benefit?

Senator RANSDELL. Senator, the manufacturer has to buy the raw material from the farmer. It is the raw material which I think will get the bulk of the benefit. Of course, the manufacturer is going to receive a good deal of benefit, too, and I am just as much interested in the southern textile mills, in a way, as I am in the grower of the raw material. They are growing rapidly all over the South, and I look to see part of the industry move west of the Mississippi River. They are going to the cotton fields. They have been settling in your State for a long time, but they are also going to settle west of the Mississippi River.

Senator SIMMONS. I want to get your reaction on every angle of this matter. Assuming you are correct, and that it would be of benefit to the cotton producer to do this, what benefit would result to the wheat producers, and those who do not raise cotton, who would have, of course, to substitute cotton bagging for jute bagging?

Senator RANSDELL. The wheat people have so many and so much abler representatives than I claim to be that I would rather let some of them speak upon that. I am trying to make the best case I can for cotton, and I want to have the principles of protection apply to the Southland. They have not been applied. I do not blame anybody except the short-sighted southern statesmen who would not stand up for their sections when we were framing tariff bills. Now that we are having a general tariff revision, I want the protective principle applied to all sections.

I was just about to say that there are two gentlemen here from my State who know the facts. One is Mr. Wilson, commissioner of agriculture for Louisiana, and chairman of the Southern Agriculturalists for the entire South. The other is Mr. Odenheimer, a large manu-

facturer of cotton and cotton bagging. Then there is a great manufacturer from the Atlantic seaboard here, Mr. Leavelle McCampbell, and Mr. Cronin, who knows the details of this subject. I hope you will give them a careful hearing, and that you will adopt the suggestion made in my bill. I thank you gentlemen.

(The bill and magazine articles referred to by Senator Ransdell were ordered to be printed in the record, as follows:)

[H. R. 2667, Seventy-first Congress, first session]

Amendments intended to be proposed by Mr. Ransdell to the bill (H. R. 2667) 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, viz:

On page 217, line 23, in Title II, the free list, Schedule 16, strike out all of paragraph 1617, reading "waste bagging, and waste sugar-sack cloth."

On page 226, line 14, in the same title and schedule, paragraph 1683, after the word "Manila" strike out the words "jute, jute butts."

On page 139, line 18, in Title I, Schedule 10, flax, hemp, and jute, and manufactures of, at the end of paragraph 1001, after the words "hackled hemp, 3 cents per pound." Insert a semicolon in lieu of the period and add the following: "waste bagging and waste sugar-sack cloth, 3 cents per pound; jute and jute butts not dressed or manufactured in any manner, and not specially provided for, 3 cents per pound."

On page 139, line 22, in the same title and schedule, in paragraph 1003, strike out all after the words "Coarser in size than twenty-pound" and insert in lieu thereof the following: "5½ cents per pound; twenty-pound up to but not including ten-pound, 7 cents per pound; ten-pound up to but not including five-pound, 8½ cents per pound; five-pound and finer, 10 cents per pound, but not more than 65 per centum ad valorem; jute sliver, 4½ cents per pound; twist, twine, and cordage, composed of two or more jute yarns or rovings twisted together, the size of the single yarn or roving of which is coarser than twenty-pound, 6½ cents per pound; twenty-pound up to but not including ten-pound, 8 cents per pound; ten-pound up to but not including five-pound, 9½ cents per pound; five-pound and finer, 11 cents per pound; and in addition thereto on any of the foregoing twist, twine, and cordage when bleached, dyed, or otherwise treated, 2 cents per pound.

On page 142, line 23, in the same title and schedule, in paragraph 1008, wherever the words "1 cent" appear, strike out the same and insert in lieu thereof "10 cents," so that the paragraph will read: "Woven fabrics, wholly of jute, not specially provided for, not bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 10 cents per pound; bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 10 cents per pound and 10 per centum ad valorem.

On page 146, line 7, in the same title and schedule, in paragraph 1018, wherever the words "1 cent" appear, strike out same and insert in lieu thereof "10 cents," so that the paragraph will read: "Par. 1018. Bags or sacks made from plain woven fabrics of single jute yarns or from twilled or other fabrics wholly of jute, not bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 10 cents per pound and 10 per centum ad valorem; bleached, printed, stenciled, painted, dyed, colored, or rendered noninflammable, 10 cents per pound and 15 per centum ad valorem."

On page 146, line 14, in the same title and schedule, in paragraph 1019, after the words "weighing not less than 15 ounces nor more than 32 ounces per square yard," strike out the words "six-tenths of 1 cent" and insert in lieu thereof the words "5 cents"; and in the same paragraph, after the words "weighing more than 32 ounces per square yard," strike out the words "three-tenths of 1 cent" and insert in lieu thereof "5 cents."

[From Manufacturers Record, June 6, 1929]

#### ENORMOUS PROFITS OF INDIA JUTE MILLS

Unless the people of the South, cotton growers, cotton manufacturers, bankers and others interested in the prosperity of this section, make a vigorous and continued fight in behalf of a duty on cotton and a duty on jute, this section

will lose one of the greatest opportunities which a new tariff bill could possibly offer to it. There should be an awakened sentiment through the South in behalf of a campaign to win in the Senate a duty on jute and on cotton.

The whole situation is strikingly presented in a remarkable article by Wilbur F. Wakeman in the series he is writing on the tariff. He quotes the figures to show that 51 great jute mills in India in 1927 paid an average of cash dividends of over 54 per cent of the capital invested, and even that did not include some of the large plants owned by Americans.

Total imports of manufactured jute, according to this statement, amounted last year to 1,165,000,000 yards, which comes in direct competition with southern grown cotton and manufactured cotton goods. Mr. Wakeman calls upon Members of the Senate who realize the injustice of leaving cotton and jute on the free list to stand for a duty on them even if in doing so they have to form a new bloc and fight to the bitter end, until the justice of this demand is granted.

As our readers know, several American manufacturers a few years ago abandoned some of their jute plants in this country, transferred the enormous amount of machinery they had to India, and established plants there.

"The great Indian jute importation," Mr. Wakeman writes, "began in 1913, owing to adverse American tariff laws, aided by the starvation wages paid in India. Such discrimination in rates of duty on a raw material and finished product does not occur elsewhere in the entire tariff law."

He also quotes Mr. Gratz, an officer of the American Manufacturing Co., which transferred some of its plants to India, as saying:

"We can not continue manufacturing burlap here under the present tariff conditions when the labor costs in the United States are from fifteen to thirty times those in India."

Thus through unwise tariff legislation the jute industry of India, with its starvation wages, is making enormous profits, while the southern cotton grower and the southern manufacturer find their operations made less profitable by reason of this jute competition. Will southern farmers and business men, and the fair-minded Senators in both parties recognize the injustice of this situation and protect cotton by a direct duty on it, and by a duty on its chief competitor, jute, and jute products?

#### COTTON VERSUS JUTE

#### • UNBALANCED TARIFF INJURES THE COTTON GROWER AND TRANSFERS THE JUTE BURLAP MANUFACTURER TO INDIA

(By Wilbur F. Wakeman, former United State appraiser of merchandise, district of New York)

"It is far better to put this tariff on before the competitive industry has developed elsewhere than to wait until it is fully developed and then close the doors of our markets to neighboring producers," said Congressman Fort, of New Jersey, in discussing the sugar tariff a few days ago.

This is a splendid thought but it would have been more appropriate in discussion of the first tariff of the United States in 1789, or possibly in considering the Morrill tariff of 1861, when we abandoned the free trade of the 1846-1857 period, than now. We must "close the doors of our markets" to competitive products from foreign lands in any and every line to secure the full benefits of the national policy of protection. Congressman Fort should remember that "competitive industry" confronts us on every side, and it is aided and abetted by the big home converters of so-called raw material, which seek an adequate tariff on their own products but free trade in their raw materials.

Congressional tariff legislation, in its preparation, always seems to back up. Instead of starting with raw material, a bit of "the round earth," and working up to the finished product, it does just the reverse. The cotton cloth manufacturer says that he must have a certain rate of duty but there should be no duty on the yarns or cotton he uses. The cotton yarn manufacturer must have a certain duty on yarns but there must be no duty on cotton. This is the way it goes throughout the preparation of the schedules of an entire new tariff bill. Naturally, in the past political conditions have aided in this mix-up in preparation of tariff schedules, but now we are all, seemingly, for protection; yet the Hawley bill is very unbalanced as between raw materials and the finished product, especially as affecting the industries of the South.

The leading product of the South is cotton, and its chief competitor is jute and products of jute from India. I do not wish to entrench upon the admirable editorials of the Manufacturers Record except to say that all cotton, long staple and short staple should, in my opinion, be protected by a tariff the same as other agricultural products. You might as well separate winter wheat and spring wheat in the tariff as long and short staple cotton. Indeed, a general tariff on cotton seems wise, as the bulk of importations are of the short staple. When in 1897 I advocated a cotton duty, my head was almost taken off by the cotton manufacturers of New England, and there was absolutely no cooperation from the South. This was shortsightedness.

The menace of jute products had not yet materialized. The southern planters, during the preparation of previous tariffs were insistent for "free cotton bagging"—burlaps, and their request was granted in the tariff of 1913. They did not realize, apparently, how through this opportunity jute burlaps would take the place and have taken the place of coarse cotton fabrics, to their own great loss in consumption of cotton. Monumental error is found in the tariff of 1922 (continued in the Hawley bill) where jute is free, yarns 5½ cents a pound and burlaps made of the finished jute yarn, 1 cent a pound. Thus the American manufacturer producing twist, twine, and cordage has the Indian jute free of duty and a tariff against foreign yarns of 5½ cents a pound; whereas burlap finished bears a duty of only 1 cent a pound.

The great Indian jute competition began in 1913 owing to adverse American tariff laws aided by the starvation wages paid in India. Such discrimination in rates of duty on a raw material and finished product does not cover elsewhere in the entire tariff law. It is not surprising that American manufacturers moved to Calcutta in 1921. Mr. Gratz of the American Manufacturing Co. told me practically the same as recently quoted in these columns. He also said: "We can not continue manufacturing burlap here under the present tariff conditions when the labor costs in the United States are from fifteen to thirty times those in India." His company and others are among the expatriated American manufacturers, who with the English-Indian concerns, are enjoying great prosperity largely through our own unbalanced nonprotective tariff on jute and cotton. There is no justification in giving undue advantage to Indian products whether controlled by foreign or American capital, especially when representing the lowest paid labor in the world.

Recently there was published in the Capital of Calcutta, an article entitled, "Earnings of the Jute Mills in India Average High," the tabulation of which was published in facsimile by the New York Daily News Record of April 23, 1929. There were 51 great mills reported, probably representing a chamber of commerce, which paid in 1927 cash dividends of over 54 per cent on a capital of 128,964,000 rupees. This list did not include the great jute manufacturers of Massachusetts and New York which had emigrated to India in 1921 to take advantage of our own unfair tariff rates. The complete tabulation is a little difficult to understand, appearing in rupees and pounds sterling. To give a concrete idea of the report and tabulation, it is herewith presented in rupees in unit value 36¼ cents as follows:

|  |               |
|--|---------------|
| Number of mills reported.....                        | 51            |
| Paid-up capital.....                                 | 128, 954, 000 |
| Dividends for 1927..... per cent..                   | 54            |
| Debentures.....                                      | 33, 146, 400  |
| Reserve and other funds, including depreciation..... | 306, 531, 053 |
| Number of looms.....                                 | 35, 906       |

How many American manufacturers, if any, have a reserve of nearly three to one on their capital stock and pay annual dividend of 54 per cent? In the Indian mills reported, two paid no dividends and two paid 3 per cent, which reduces the average. In 1928 the dividends were higher than in 1927, but the reports are incomplete. In 1920 the dividends were very high, averaging over 65 per cent. During 1928 imports of jute burlap from India were 988,000,000 yards. This trade was not confined to a single country, for Austria, Belgium, Czechoslovakia, Germany, Italy, the Netherlands, and the United Kingdom (Scotland) manufactured from Indian jute and shipped to the United States an additional 177,000,000 yards of jute burlap, making the total imports of this material 1,165,000,000 yards.

If the abnormal growth of this import trade is not checked by an adequate protective tariff, the market for coarse cotton goods will be gradually stifled. An adequate protective tariff on jute burlap would benefit the entire cotton

industry by restoring substantial markets for cotton goods and by counteracting the prevalent tendency of cotton mills to change their output from coarse to finer yarns and cloth.

The committee states that the protective policy "does not exclude and is not intended to exclude foreign products from our markets, but does propose that such products should not come into this country to the detriment of the American producers and wage earners." There is a singular inconsistency in the committee's failure to apply this principle to the jute schedule as it has applied it to the cotton schedule. Unless proper recognition is given to the effect of jute imports, the benefits of higher rates on cotton yarn and cloth may be largely nullified.

In his report accompanying the bill, Hon. W. C. Hawley, chairman of the Ways and Means Committee, also pointed out that it is "fundamental to the policy of protection that a duty on a raw material requires a compensatory duty on articles manufactured from it."

We should have a reasonable tariff on cotton and jute with compensatory duties, as the raw material is advanced in value by the different processes of manufacture to the finished product. This would give the cotton grower and manufacturer of cotton and jute similar protection and result in more uniform prosperity.

The Senate should, in my opinion, amend the cotton and jute schedules into normal protection from the raw material up. Will it? Indeed, the importance of the subject warrants another bloc consisting of real protectionists who will say: "Thou shalt have no new tariff law unless cotton and jute are recognized as competitors." Great influence will be brought to bear against the actual justice of my recommendation by foreign, domestic and expatriated American interests, but the Senate is bigger than these if it is convinced of the wisdom of the proposition.

There seems to be no organized effort to inform individual Senators of the discrimination existing to the detriment of American industry. The situation seems similar to the days of 1919 when the League of Nations covenant was on the verge of adoption. Subdued excitement pervaded the Senate chamber, the corridors and offices. Senators said, "The covenant will be adopted to-day or to-morrow. There is no way of beating it." An able Senator was approached with the query: "Will you hold the Senate in session for three hours in an opposition speech to the covenant if four others will do the same thing?" Fifteen hours of debate meant practically five days and would give time to hear from the country on "entangling alliances." The Hon. Reed Smoot, of Utah, consented, but doubted the possibility of defeating the covenant. All honor to Mr. Smoot for starting the ball rolling which resulted in the defeat of the covenant.

If we can now have five Senators who will make it the "object of their lives" to have members of the Finance Committee and Senate understand "cotton and jute" and give us a balanced tariff, it will bring added prosperity to the Nation.

EXCERPTS FROM RESOLUTIONS ADOPTED AT THE THIRTY-THIRD ANNUAL CONVENTION OF THE AMERICAN COTTON MANUFACTURERS ASSOCIATION IN ATLANTIC CITY, N. J., MAY 24, 1929

#### PURCHASES OF COTTON ON NET WEIGHT

Whereas, the practicability of the purchase of cotton on net weight has been demonstrated by experience in the use of this method in purchasing foreign cotton; and

Whereas failure to use this method in the purchase of domestic cotton is a barrier, and an inconsistent barrier, on the part of both producers and manufacturers to an important additional use of cotton goods through their use as a covering for raw cotton: Be it hereby

*Resolved*, That this association approves the movement looking toward the adoption of net weight as a basis in purchasing raw cotton, and urges its members to exert their influence toward the adoption of this method.

#### DUTY ON JUTE

Whereas a tariff upon jute would be one of the most effective means of providing a fairer and better market for the growers of cotton, and would also be a benefit to the manufacturers of cotton goods, tending to secure a wider market for cotton goods: Therefore be it

*Resolved*, That this association request the Congress of the United States to fix a duty upon the importation of jute.

**STATEMENT OF LEAVELLE McCAMPBELL, NEW YORK CITY,  
REPRESENTING DOMESTIC COTTON MANUFACTURERS**

[Jute yarns, par. 1003; burlap, par. 1008; jute bags, par. 1018; and jute bagging, par. 1019]

(The witness was duly sworn by Senator Greene.)

Mr. McCAMPBELL. Gentle men, I would like to bring out one or two points that came up in the previous testimony, before starting my brief. The question was up as to the total cost of this tariff.

The total imports of jute products last year, as shown by the Tariff Commission report, were approximately \$100,000,000. I should, offhand, estimate this tariff at somewhere around 40 per cent which would be about \$40,000,000. That would be spread over the various uses to which jute cloth is put, and would cover the entire cost, minus whatever portion of the duty was borne by the foreign producers.

Senator SACKETT. What tariff is that, the tariff of 1922?

Mr. McCAMPBELL. No; the present contention that we have been discussing. I will go into that very fully.

Senator SACKETT. I just want to know which one you mean. Do you mean this one written by the House?

Mr. McCAMPBELL. No; the brief I am about to put in for the cotton textile industry.

Senator SACKETT. The one you are going to ask for?

Mr. McCAMPBELL. Yes; I will go into that in detail.

Senator SACKETT. What does the present tariff yield?

Mr. McCAMPBELL. The present tariff, I think, yields about seven or eight million dollars. I have that here. The total imports were \$100,000,000, almost exactly. The average ad valorem was 7.85. I should say that the present tariff yields about \$8,000,000.

Senator GEORGE. It is \$7,914,755, according to this sheet before us.

Mr. McCAMPBELL. That is according to the figures of the Tariff Commission.

Senator GEORGE. Yes.

Mr. McCAMPBELL. The question was asked as to the value of jute. As nearly as I can remember, the average value of jute imported into this country last year was 8 cents a pound. The average value of jute butts was about 3.60. I think it would possibly save a little time to refer to this schedule that we are asking and might save my bringing this out.

Senator SACKETT. Did you present this schedule to the House committee?

Mr. McCAMPBELL. Yes; substantially the same. I have made a slight modification.

Senator SACKETT. Is not that in the hearings?

Mr. McCAMPBELL. The actual schedule I asked. The comment is not. We changed the comment entirely, because, as I understood, you gentlemen do not wish to listen to anything put in before the House.

Senator SACKETT. We have got it all?

Mr. McCAMPBELL. Yes. Of course I have to discuss this schedule, and to that extent I have to go into the matter I was discussing there.

I also want to comment on the report of the House committee.



In the report accompanying the proposed tariff act of 1929, Chairman Hawley of the Ways and Means Committee makes this statement:

It is fundamental to the policy of protection that a duty on raw material requires a compensatory duty on articles manufactured from it.

I do not think anyone can be found who disagrees with this statement. It is the basic principle of our tariff law.

In allowing the present jute cloth schedule to stand, the committee has deviated from this basic principle. Jute yarn is as definitely the raw material from which jute cloth is made as jute is the raw material from which jute yarn is made. The present tariff fixes the basic rate on jute yarn at 5½ cents per pound and sets the rate on jute burlap made from these very yarns at 1 cent per pound. There is not only no compensatory relation between these two rates but the United States Tariff Commission and the members of the Ways and Means Committee have been unable to produce a single additional instance within the dutiable list where an article on the dutiable list carries a lower rate than the raw material effective on the material out of which it is made.

Therefore, it seems to me that some reasons should come before you to-day to show that the discrimination shall be corrected.

Senator SACK says it does not seem to be the case. He had a man the other day who had a piece of cloth that cost him only 35 per cent, and the tariff on it was 62½ per cent.

Mr. McCAMBER says: That is not so. It is a piece of cloth that is made of raw material.

Senator SACK says: It is the same principle.

Mr. McCAMBER says: Not quite. Suppose you tax cloth at 62½ per cent, you are taxing the cloth. If you tax a cloth 20 per cent, you are taxing the cloth. If you tax a shirt 20 per cent, you are taxing the shirt. That is larger than your tax on your cloth.

This tariff divides into four sections. The first is the raw jute; the second is jute yarn; the third is jute cloth, which the weaver is interested in; the fourth is jute bagging. You will have gentlemen here from the jute industry.

The tariff on jute yarn is 5½ cents per pound, so that I will not say anything on that portion of the bill. The change we are recommending is that the 2½-cent-a-pound bracket be limited to 40-pound yarn, establishing a rate of 1 cent a pound, on the yarns coarser than 40-pound.

The present paragraph sets up a differential of 1½ cents per pound between the several jute-yarn brackets. This is simply an additional step in conformity therewith and will form the basis for placing a rate on jute bagging in constructing a balanced schedule.

The present paragraph establishes a differential or premium of 1 cent per pound for twisting yarn to make it into twist, twine, or cordage, except in the instance of 5-pound and finer where this differential is jumped up to 4 cents. This seems to us inconsistent, for the cost of twisting 5-pound yarn does not exceed the cost of twisting 10-pound by 300 per cent. It is quite true that the cost of twisting yarn has a yardage factor as well as a poundage factor, but even

so the 4-cent differential for twisting yarns 5-pound and finer is considerably out of proportion.

We wish to lay considerable stress upon this paragraph for in our opinion it should form the basis for the entire schedule of jute products.

In practice, this paragraph has proven most effective. In 1928 American manufacturers produced approximately 140,000,000 pounds of jute yarn, roving, twist, twine, and cordage. The United States Tariff Commission report indicates that during the same period the total imports of these same articles were 613,463 pounds, or substantially less than 1 per cent of the total production. An embargo could hardly have proven more effective.

We now come to the cloth, and we are asking that you put a duty on cloth identical with that on the yarns out of which it is made, and that you establish a differential of a penny a yard for weaving. This paragraph 1008 as amended would cover bagging for cotton, gunny cloth, and similar fabrics now covered under paragraph 1019 and would also cover jute cloth weighing less than  $4\frac{1}{2}$  ounces per square yard now carrying 35 per cent ad valorem under paragraph 1011.

It is our contention that jute fabrics are jute yarns in an advanced stage of manufacture and that the rates on such cloths should be the rates on such yarns set up under paragraph 1003, plus an added differential for the process of weaving. This differential of 1 cent per yard for weaving, in the proposed amendment, is in keeping with other differentials in the present schedule.

Paragraph 1003 provides a differential of 1 cent per pound on coarser and 4 cents per pound on finer yarn numbers for the simple process of twisting. Certainly if the process of twisting is to be protected by a duty of 1 cent a pound, it is only fair that the much more complicated process of weaving should be protected by an added duty of 1 cent a yard.

Paragraph 1018 also provides a differential of 10 per cent or, roughly,  $1\frac{1}{2}$  cents per pound for making bags. Surely a bag can be seamed at a cost less than that of weaving into cloth the yarns of which it is composed.

Paragraph 1008 provides a differential of 10 per cent ad valorem, which is roughly  $1\frac{1}{2}$  cents per pound for bleaching, printing, stenciling, painting, dyeing, coloring, or rendering noninflammable. The costs of all of these processes are less than the cost of weaving.

The only change in the present schedule approved by the Ways and Means Committee is the introduction of a differential of 2 cents per pound on processed yarn. Certainly such a rate should not exceed the 10 per cent ad valorem rate effective when the same processes are applied to cloth.

Senator BINGHAM. You say "Our rate for doing those things for cloth is  $1\frac{1}{2}$  cents, and they are stepped up 2 cents on the tariff." Do you mean burlap?

Mr. McCAMPBELL. No, sir.

Senator BINGHAM. When you say "our rates," what do you refer to?

Mr. McCAMPBELL. I am in the cloth business, manufacturing cloth.

Senator BINGHAM. You manufacture cotton cloth?

Mr. McCAMPBELL. Yes.

Senator BINGHAM. Would your proposal put out of business American manufacturers of burlaps?

Mr. McCAMPBELL. We have no American manufacturers of burlap.

Senator BINGHAM. Is there no jute bagging manufactured?

Mr. McCAMPBELL. Yes; it is woven in this country, but the production of bagging is almost entirely confined to reworked bagging.

Senator BINGHAM. Is there no jute manufactured in this country?

Mr. McCAMPBELL. Yes.

Senator BINGHAM. What do they make?

Mr. McCAMPBELL. Yarns, twines, twist, and cordage.

Senator BINGHAM. What do they do with the yarns?

Mr. McCAMPBELL. They sell them for twine; sell them for warps to weave carpets out of.

Senator BINGHAM. Then the last witness was quite incorrect when he spoke about the people manufacturing, and said that the people in those mills, those workers on jute, could go over into other mills?

Mr. McCAMPBELL. Jute yarns are made in America, and under the present schedule I should say will continue to be made in America. Ninety-nine and one-half per cent of all our jute yarns are made in this country. None of our jute burlap is made in this country. Possibly a little over 10 per cent of our bagging is made here. I think those figures are about correct.

Senator BINGHAM. Well, will you answer my question? The last witness was correct in what he said?

Mr. McCAMPBELL. If I differ from that statement, I do not think he was correct.

Paragraph 1019 has to do with jute bagging, and in as much as we have proposed a rate under a previous paragraph of 1½ cents for this jute bagging, we would recommend that paragraph 1019 be eliminated entirely. As it stands it sets three-tenths of a cent a pound on heavy bagging and six-tenths of a cent a yard on light bagging.

Senator BINGHAM. Just why do you want that eliminated?

Mr. McCAMPBELL. Because we have set up a cloth schedule, and that would cover it. My amended schedule will cover jute bagging, because jute bagging for cotton is made of yarns coarser than 40-pound and weighs approximately 2 pounds to the yard. Therefore, paragraph 1008, changed as we recommend, would provide a duty of 1 cent per pound, plus 1 cent per yard, which would be equivalent to 1½ cents per pound. This is the same rate per pound on such fabrics as we recommended to the Ways and Means Committee.

Senator BINGHAM. What was the actual increase over the present duty that you proposed on these jute fabrics?

Mr. McCAMPBELL. The present duty is three-tenths of a cent and we are asking you to raise it to 1½ cents a pound.

Senator BINGHAM. From three-tenths of a cent to 1½ cents. That is 500 per cent?

Mr. McCAMPBELL. Yes.

Senator SACKETT. From three-tenths of a cent to 1½ cents?

Mr. McCAMPBELL. Yes.

Senator BINGHAM. What would you say to any industry that asked for a raise of 500 per cent?

Mr. McCAMPBELL. I would say, in this instance, that it is entitled to it. I will tell you why.

Senator BINGHAM. We may need some help from you later.

Mr. McCAMPBELL. I will give you two very good reasons for it.

Senator BINGHAM. In what schedule does that three-tenths of a cent come?

Mr. McCAMPBELL. It is in paragraph 1019.

Senator BINGHAM. I thought you said that was the one you wanted eliminated?

Mr. McCAMPBELL. I did.

Senator BINGHAM. But you said it was covered in 1008 of the proposed schedule.

Mr. McCAMPBELL. Yes; we now propose to amend 1008. The schedule is right in front of you.

Senator BINGHAM. Where is that?

Mr. McCAMPBELL. It would fall in this bracket right here [indicating]; 1 cent a pound plus 1 cent per yard. That increases it to 1½ cents per pound. [Indicating.] Senator Bingham, it is not conceivable to us that this paragraph 1019 should be left as it stands at present, because in practice it has proven to be viciously ineffective.

Senator BINGHAM. It was apparently conceivable to the House.

Mr. McCAMPBELL. It was; but it is not to me. I am under oath, and I say it is not conceivable to me.

In 1920 and 1921, imports of jute bagging averaged less than 6,000,000 square yards. In 1928, the report of the Tariff Commission places the imports of jute bagging, 32 ounces per square yard and lighter, at 45,278,712 square yards, and this does not include 9,988,236 pounds of bagging heavier than 32 ounces per square yard which would run the total to approximately 50,000,000 square yards.

In other words, we asked for an increase of 500 per cent, if you put it that way, against an increase of imports that is in excess of 1,000 per cent.

Senator BINGHAM. That is a very interesting rule you suggest, there. If a product increases 50 per cent in imports, then you would say that the tariff rate ought to be increased on it 25 per cent; if it increases 1,000 per cent, the tariff increase should be 500 per cent.

Mr. McCAMPBELL. I do not think you should apply that systematically. It depends upon the reasonableness of the request.

This amazing increase has been largely brought about by the fact that two American companies have dismantled machinery operated in the United States, thrown the people who operated it out of work and moved this machinery to India.

The increase in the rates provided under this paragraph to 1½ cents per pound is not excessive. Under paragraph 1003 this same rate of 1½ cents is levied on jute sliver which is the product of a process preparatory to spinning.

Senator BINGHAM. We were told this morning that these companies—I assume they were the same companies—made 55 per cent. I believe that was said to be a matter of record. If you increased the duty by 500 per cent it would not leave much margin of profit, would it?

Mr. McCAMPBELL. Why, yes; I should think it would still leave them a profit. If you multiply nothing by 500, you do not get very much. The rate of ¾ cents per pound is not a duty at all. That is

just a gesture. It has nothing to do with controlling the flow of the product. The flow of the product has increased a thousand per cent since the duty was put on.

Senator BINGHAM. How do you suppose that this duty would affect the flow of the product?

Mr. McCAMPBELL. I think it would shorten it up.

Senator BINGHAM. How much?

Mr. McCAMPBELL. If you will allow me to go on, I will explain it.

Senator BINGHAM. I would like to have that put in here at this point. How much that would shorten it up; 1½ or 25, or 100 per cent.

Mr. McCAMPBELL. I think considerably, but—

Senator BINGHAM. A considerable percentage might mean nothing, or anything.

Mr. McCAMPBELL. I do not like to make a statement offhand.

Senator BINGHAM. Well, what do you think it would do? You must have something in mind. What do you think it would do?

Mr. McCAMPBELL. I think it would cut it at least half in two.

Senator BINGHAM. Slow it up at least 50 per cent?

Mr. McCAMPBELL. Yes.

Senator BINGHAM. Very well.

Mr. McCAMPBELL. The increase in the rates provided under this paragraph to 1½ cents per pound is not excessive. Under paragraph 1003 this same rate of 1½ cents is levied on jute sliver which is the product of a process preparatory to spinning. We do not believe that any lesser rate could be justified or considered to have any proportionate relation to the jute yarn schedule. We do not believe that any rate that permits American machinery to be dismantled and moved out of this country can be successfully defended in broad daylight. If it is the purpose of our tariff laws "to encourage the industries of the United States," this particular rate is entitled to your earnest consideration.

Senator BINGHAM. Would that apply to the tariff on automobiles, when the manufacturer takes machinery out of this country and sets it up in a foreign country to manufacture there?

Mr. McCAMPBELL. The product of that machinery does not come back into this country free of duty.

Senator BINGHAM. No, but it was taken out of this country and set up in a foreign country.

Mr. McCAMPBELL. The product of that American machinery is distributed abroad. We would like to see the manufacturers of machinery able to export machinery; but when we have the machinery working here and they take it out of this country and set it up in a foreign country and manufacture there and bring the product back into this country free of duty, I do not believe it is the right thing to do.

We follow this schedule by asking that the same rates on cloths be put on bags, plus 10 per cent on making the cloth into bags.

This change in paragraph 1018 is just another step in applying the principle outlined above as this product proceeds through its various stages of manufacture. Bags must be cloth before they can possibly be bags; cloth must be yarn before it can possibly be cloth. There is a definite and logical sequence in their relations to each other, and we contend that this logical sequence must be recognized and the rates on each kept in proportion in the construction of a sound and reasonable schedule.

We have not discussed a tariff on raw jute, but if it seems to you wise to levy a tariff on raw jute, we feel that such a tariff should be added as a compensating duty to the items enumerated in these various paragraphs.

Senator SACKETT. I think your argument works very well if you are trying to establish the industry in the manufacture of jute bags; but if you are trying to establish an industry by the manufacture of cotton bags and cotton wrapping, then it seems to me that your argument falls down quite materially. It applies to a different substance and takes out of the market something that somebody wants to get hold of, evidently because of the great amount of use. It seems to me there is a difference in the argument.

Mr. McCAMPBELL. Yes. I think I can cover that to your entire satisfaction as I go on. If I do not, I will ask you to call on me.

We understand that as manufacturers we are expected to confine our argument to the processes in which we are interested, but while this subject is under discussion, we would like to put on record our belief that the cotton farmers of America are just as much entitled to protection from jute, a fiber raised at wage levels far below their own, by people accustomed to vastly lower standards of living, as we and those who work in our mills are to be protected from the competition of foreign manufacturers of jute products.

We want to point out and emphasize that the manufacture of textiles has a definite and positive relation to farming, for the raw materials which feed our textile plants, whether they be cotton or jute, wool or even silk, originate on the farm.

Senator BINGHAM. It certainly has a definite relation to the farmer, that he has got to pay twice as much for the bags to put his products in.

Mr. McCAMPBELL. I do not think he would pay twice as much. I will give you figures on that in a moment.

Senator BINGHAM. All right.

Mr. McCAMPBELL. These mills can not run at capacity, can not vie with each other in purchasing these materials, can not prosper without sharing their prosperity with the farmer.

This is more than just a pretty gesture, for in 1928 American cotton mills paid out to American farmers \$700,000,000 in hard cash and if these amendments in the jute schedule we now recommend are made effective, we will probably pay them \$100,000,000 more.

Senator SACKETT. Let me ask you another question that comes into my mind. If you put this tariff on jute for the purpose of affecting the use of cotton and increasing that, is there any assurance that some other soft fibre will not come in which you have not put any duty on, like sisal?

Mr. McCAMPBELL. Sisal is generally known as a hard fiber.

Senator SACKETT. Are there not other soft fibers—I do not know the technical names of them—that are still on the free list?

Mr. McCAMPBELL. Yes; there are several fibers on the free list that I would like to see protected. We are discussing jute, now.

Senator SACKETT. Yes; but if there are those other substitutes of soft fiber that are on the free list, then have you not got to extend your argument not only to jute, but to every one of those other soft fibers that come in and might take the place of jute, before you get to cotton?

Mr. McCAMPBELL. I do not think so.

Senator SACKETT. Why?

Mr. McCAMPBELL. Because they are not brought into this country as woven cloth, that I know of.

Senator SACKETT. Well, but they could be?

Mr. McCAMPBELL. You might conceivably weave sisal, and I would not say you could not; but the plant for doing it does not exist to-day. The plant does exist to weave jute, which comes in here not only from India, but also from every country in Europe.

Senator SACKETT. Of course, if you did not succeed in keeping out the soft fibers—

Mr. McCAMPBELL. The benefit would not accrue to the cotton.

Senator SACKETT. The benefit would not accrue to cotton?

Mr. McCAMPBELL. It would not.

Senator SACKETT. It seems to me we ought to have some information on that subject, because the only object apparently would be to do something for cotton, and if it did not succeed in doing something for cotton, we are better off to let the farmers have their cheap jute.

Mr. McCAMPBELL. I do not think that is quite true, Senator, because there is nothing that would prevent the American textile manufacturer from weaving the jute into cloth. In my opinion the idea that we can spin jute yarn, but can not weave jute cloth, is perfectly silly. Just why a spinner should be preferred by God to a weaver I do not know.

Senator SACKETT. You are putting a tremendous duty on it.

Mr. McCAMPBELL. It is made out of the jute yarn.

Senator SACKETT. I know it is made out of the yarn, but there is no duty on the yarn that is spun on the other side.

Mr. McCAMPBELL. Oh, yes; absolutely prohibitive rates. They keep the yarns out to the extent of over 99 per cent.

Senator SACKETT. I do not think I quite get you. It is cheaper to make the cloth over there, is it not?

Mr. McCAMPBELL. Not if you put the cloth on this schedule.

Senator SACKETT. No, but—

Mr. McCAMPBELL. We will make our own burlap if we get the change in this schedule.

Senator SACKETT. Yes; and the cloth consumer in this country would have to pay a price for the yarn plus the weaving of the cloth.

Mr. McCAMPBELL. Yes; but does not the consumer pay the cost of the tariff?

Senator SACKETT. The yarn consumer does, but it does not go into the jute bagging.

Mr. McCAMPBELL. No, that is true.

Senator BINGHAM. Where is this prohibitive duty on jute yarn that you just referred to?

Mr. McCAMPBELL. It is in paragraph 1003.

Senator SACKETT. But that jute yarn is used in other industries than the manufacture of bagging for the use of farmers.

Mr. McCAMPBELL. There are many other industries that use jute burlap.

Senator BINGHAM. But the jute yarn that is used in this country is not used in these industries.

Mr. McCAMPBELL. It is in the shape of carpets and twine, and some of it is used for calking purposes. There are a number of uses to which it is put. A great deal of the burlap is used for bags.

While we are primarily manufacturers, we also lay claim to your attention as large purchasers of jute burlap. Mills which I personally control purchased during 1928 364,000 yards of this material. Our industry as a whole purchases annually approximately 40,000,000 yards, so if this commodity is protected as we advocate we will at least pick up a sizable share of any burden created by increased prices so brought about. We will take a good, stiff dose of our own medicine.

Senator BINGHAM. How many yards are used?

Mr. McCAMPBELL. My own mills used 364,000 yards, and the industry as a whole used about 40,000,000 yards.

Senator BINGHAM. But the cotton crop, for covering, alone requires 105,000,000 yards of material.

Mr. McCAMPBELL. I was discussing the use by the textile manufacturers. The cotton farmer's use is independent of that.

Senator BINGHAM. But the implication was that you were going to bear quite a large share of the burden of the people of America for doing what you are asking. As a matter of fact, it does not refer to the 105,000,000 yards that is used in covering cotton bales?

Mr. McCAMPBELL. No; I did not refer to that.

Senator BINGHAM. All right.

Mr. McCAMPBELL. In 1892 our total imports of jute and jute products were 260,000,000 pounds. By 1900 they had risen to 400,000,000 and by 1910 to 600,000,000. The war slowed them up a bit, but in 1920 they jumped to over 800,000,000 and for the last three years have averaged over 900,000,000 pounds.

Year by year this tide of jute has risen until to-day it is a mighty flood, stopping the outlet for our own textile fibers, stopping our cotton mills and throwing American workers out of employment.

These huge quantities of jute and jute products come mostly from India. They invade and take from American farmers and textile workers a market which is rightfully theirs. We pointed out to the Ways and Means Committee that the ability of the farmers and manufacturers of India to flood this country with their products rests solely upon wage scales and standards of living so far below our own that no amount of American initiative, energy and skill can make up the difference.

Senator BINGHAM. When you say a market that is rightfully theirs, do you mean that anybody in this country has any right to make the consumer buy a different product from what he wants to buy?

Mr. McCAMPBELL. I think the American market is rightfully the market of the American manufacturers. I think that for any other manufacturer to invade it is abnormal.

Senator BINGHAM. Yes; but the farmer can buy burlap bags, which he uses, for alfalfa meal, barley, beans, beet pulp, cattle feed, corn chop, cottonseed meal, dairy feed, fertilizer, mill feed, nuts, oats, onions, peanuts, potatoes, poultry feeds, rice, seeds, starch, wheat, wheat flower, and so on. How about his right to buy jute, if he wants to buy jute? Why force him to buy silk or rayon or cotton?

Mr. McCAMPBELL. We do not want to force him to do anything.

Senator BINGHAM. Oh, yes, you do.

Mr. McCAMPBELL. We want precisely the same treatment that is granted to the manufacturer of jute yarn. We, the weavers, want the same treatment that the spinner has got.



Senator BINGHAM. Are you weaving jute?

Mr. McCAMPBELL. No; we are weaving cotton cloth.

Senator BINGHAM. You say, "we, as weavers." You do not represent the weavers of jute.

Mr. McCAMPBELL. My own mills have 5,000 looms that can weave jute burlap.

Senator BINGHAM. That is what you want to do, weave jute burlap?

Mr. McCAMPBELL. We would be glad to do it if it could be done profitably.

Senator BINGHAM. Yes; but that would not help our farmers any.

Mr. McCAMPBELL. Yes—

Senator BINGHAM. You are not weaving jute?

Mr. McCAMPBELL. No, sir; I am a cloth manufacturer. I am interested in my own industry.

Senator BINGHAM. Oh, excuse me. I thought you were interested in getting a larger market for the cotton manufacturers to sell their goods.

Mr. McCAMPBELL. I think we, as cotton manufacturers, will get a large share of this market.

The wages of the Indian farm workers were covered this morning, that I will not repeat that.

The average weekly wage in a Bengal jute mill is \$1.80 a week, or about a tenth of what we pay our textile workers here in America.

The title page of the proposed tariff act of 1929 states that its purpose is "to encourage the industries of the United States and to protect American labor." Surely the jute schedule offers a striking opportunity to carry out that purpose.

Senator BINGHAM. If you come to us and say, "We manufacture jute bagging, that is what we want to do, and we want protection there that will enable us to compete with Europe on the labor," that is one thing; but what you propose is quite another.

Mr. McCAMPBELL. I think any mill in America—and we have 100,000 looms standing idle in our industry—can manufacture jute burlap, and we can certainly weave it if every other country on the globe can weave it.

Senator SACKETT. What is your concern?

Mr. McCAMPBELL. I happen to be chairman of the board of the Graniteville Manufacturing Co., manufacturing cotton cloth.

Senator SACKETT. Where are your mills located?

Mr. McCAMPBELL. Around Augusta, Ga., principally. We represent them as far west as Arkansas.

During 1928 the imports of jute cloth from India were 988,000,000 yards. This trade was not confined to a single country, for Austria, Belgium, Czechoslovakia, Germany, Italy, Netherlands, and the United Kingdom (Scotland) manufactured from Indian jute and shipped to the United States an additional 177,000,000 yards of jute burlap, making the total imports of this material 1,165,000,000 yards.

The present tariff on jute burlap presents so slight a barrier that it is economically impossible to weave this material in America. Our cotton textile industry alone has standing idle 100,000 looms, half of which could readily weave jute yarn into cloth. Skilled operatives stand by, hungry to see them run.

There are dozens of establishments in this country manufacturing jute yarn. They are permitted to function under paragraph 1003 and have built up a thriving, prosperous business. It is proper that this should be so, but if that paragraph were rewritten to the level of present paragraph 1008, that industry would be just as surely destroyed as has been the weaving of burlap. If, on the other hand, the rates under paragraph 1008 are raised to the same proportionate level as paragraph 1003, our jute cloth would be woven here at home or these same markets would be supplied by manufactured textile fibers raised by our own farmers.

It is incredible that with a large part of our own textile equipment standing idle, we should permit half the countries of Europe to run their textile machinery on American orders.

If every pound of jute bagging, burlap, and bags were translated into cotton, there would be consumed annually 1,573,000 bales.

Senator BINGHAM. How much?

Mr. McCAMPBELL. One million five hundred seventy-three thousand bales. It should be remembered, though, that burlap substitutes for cotton cloth are substantially heavier in weight and that regaining this entire market is not possible. A fair estimate would be approximately a million bales. At the present rate of production this would mean 3,000,000 additional acres planted in cotton.

Senator BINGHAM. Now, you remember that you said a little while ago that if this duty was put on, the importation of burlap would be cut down about 50 per cent. Would not that change those figures from a million and a half down to 750,000?

Mr. McCAMPBELL. It is very difficult to say just how much it would be cut down. It would not be cut down the full amount immediately. Cotton would break through into this market and the extent of the break-through would be affected by numerous factors. I want to be conservative in my figures. I have not tried to pad them. A million bales of cotton at the present rate of production would mean 3,000,000 additional acres planted in cotton.

Let us see what this would mean to the American farmer. In the first place, if 3,000,000 acres now planted in other crops would be planted to cotton, the production of those other crops would be correspondingly reduced, and this reduction in supply could not fail to react favorably upon other agricultural markets.

A cotton farmer can take care of about 12 acres. An acre raises about one-third of a bale of cotton, so that four bales of cotton represent the activity of one farmer. A million additional bales would therefore provide employment for 250,000 farmers.

The subject of farm relief at the present time is a very active one. Many plans have been suggested to help our farmers. To our knowledge this is the only one yet brought forward which would provide a job for a quarter of a million farmers.

Senator BINGHAM. Just a minute. That is a very interesting statement, and if it is not subjected to revision, it ought to carry very great weight. It has been stated by some witnesses that one advantage of using this more expensive covering, cotton bagging and the cotton covering, is that it will last longer. Is that correct?

Mr. McCAMPBELL. Yes, sir.

Senator BINGHAM. Then, if it lasted longer, in the end there would be less of it used, would there not?

Mr. McCAMPBELL. That is true.

Senator BINGHAM. So that, although the first year you might have a million bales, as you said, the next year it would be very much less than that, because it would last longer than the other—about three times as long.

Now, with regard to covering on cotton bales, would you use cotton cloth for that? And if you did, is it not possible to recover from that covering quite a good deal of cotton?

Mr. McCAMPBELL. The present jute bagging is reworked, and cotton bagging would be also reworked. I could not give you the exact percentages on that. There is a very comprehensive report by the Committee on Agriculture, which is filed with my brief there [indicating] before the Ways and Means Committee.

Senator BINGHAM. I notice in your brief that the Agricultural Department refers to the facts about that, and I now quote this:

The quantity of new cotton bagging which might be used annually is somewhat problematical, however, owing to uncertainty as to the reuse which might be made of the old bagging.

*Reuse value.*—After the return of the cotton-covered bales which were shipped to Germany, more than 400 pounds of the cotton bagging was stripped from the bales and garnetted, to determine the approximate reuse value of such bagging.

The garnetted bagging waste was stapled by cotton specialists of the division of cotton marketing, and they reported that it has a staple length varying from one-half to seven-eighths of an inch. This bagging was originally manufactured from good ordinary cotton having a length of staple of seven-eighths of an inch.

The value assigned to this garnetted cotton bagging waste by a large waste concern on January 25, 1928, was 10 to 12 cents per pound. On that date the average price of middling spot cotton, as compiled from quotations of 10 import and southern spot markets, was 17.82 cents per pound. On the same date the value of good ordinary cotton, as compiled from reports received from the same 10 markets, was 2.21 cents per pound below the price of middling, which would make the quotation for good ordinary 15.61 cents per pound.

Seventeen cents a pound is only about 3 cents more than the price of this garnetted cotton. So that since garnetting was accompanied by a very small loss, estimated at only 2 per cent, it would seem to me that after you once got under way, due to your garnetting and the possibility of reuse, you would virtually lose a large part of this part of a million bales you are talking about. Why not?

Mr. McCAMPBELL. That is already the case with jute bagging. I think the same thing would be true in the case of cotton bagging. It would not substantially modify our million-bale estimate.

Senator BINGHAM. You are not interested in jute; you are interested in cotton, are you not?

Mr. McCAMPBELL. Yes. I am a cotton-cloth manufacturer.

Speaking at St. Louis last fall on the subject of farm relief, President Hoover said:

Many factors enter into a solution of this whole problem. One is by the tariff to reserve to the American farmer the American market; to safeguard him from the competition of farm products from countries of lower standards of living.

Adequate tariff is essential if we would assure relief to the farm. The first and most complete necessity is that the American farmer have the American market. That can be assured to him solely through the protective tariff.

In all sincerity, I would like to ask a few questions.

Is or is not jute an imported farm product?

Is or is not India—the producer of the world's commercial supply—a country of lower standards of living than our own?

Is or is not the domestic market for American cotton, hemp, and goods made from them sufficiently important to be safeguarded from the direct and ruinous competition of a textile fiber grown and manufactured in a foreign country?

If the first and most complete necessity is for the American farmer to have the American market and if that can be assured to him solely through the protective tariff, does not the safeguarding of this market require that a proper tariff be levied on jute and jute products such as yarn, cloth, and bags? And, further, should not a proper tariff apply the duties on these products proportionately and progressively as they advance in their stages of manufacture?

Senator BINGHAM. Now, I would like to ask you a question. Is or is not jute a product which the American farmer can raise?

Mr. McCAMPBELL. The Department of Agriculture has conducted experiments in raising jute, which they specifically state were abandoned because of the high labor cost. I have not seen any proof that jute can not be raised in America. I have heard it repeatedly said, but I know of no proof.

Senator BINGHAM. Are there any farmers that want us to put a tariff on jute for their protection?

Mr. McCAMPBELL. I think it can be raised if it is properly protected?

Senator BINGHAM. That is not my question. Are there any such jute farmers now asking for protection?

Mr. McCAMPBELL. There are no jute farmers.

Senator GEORGE. There are 2,000,000 cotton farmers, though.

Mr. McCAMPBELL. If you raised jute here, it would cost you about as much as it would to raise the cotton, Senator Bingham.

We would not have you think that our industry does not appreciate the increases granted in the cotton textile schedules. We do. However, only 58,000,000 yards of cotton cloth were imported in 1928. Many of these move on style appeal. Until you learn to tax a combination of colors no tariff will stop them. It is not conceivable that over half this business can be won by Americans. Thirty million yards will help. Every yard helps, but these are fine yarn goods and the coarse sections of our industry, the men and women who make print cloths, sheetings, chambrays, ducks, drills, Osnaburgs, and denims, are as little likely to benefit from these changes as they would from a tariff on Chinese pagodas.

We come now to the arguments of those opposing a reconstruction of the present tariff whereby precisely the same treatment shall be accorded to jute cloth that is now accorded to jute yarn.

These gentlemen have a perfect right to their opinions, but when they seek to influence the opinion of the public and the action of the Senate and the Congress it is only fair that their exact position be made known.

The Ludlow Manufacturing Associates, who sponsor the major portion of this publicity and have been most active in opposing this measure, have dismantled machinery which they formerly operated in the United States and have moved that portion of their machinery to India, where, together with other machinery, it is operated at Chengail as the Ludlow Jute Co.

It is obvious that the proposed tariff on jute bagging and jute burlap would affect Ludlow's Indian operations rather than their

American operations. Their opposition to this measure as American manufacturers is, in our opinion, insincere. Here is the proof:

As late as 1928 this company published a book called *Jute, an Account of Its Growth and Manufacture*, in which the following paragraph appears:

Finally, we come to the United States of America. Handicapped by high wages and consequent high costs, the American jute industry is restricted almost entirely to the home market—

Now, please listen to this—

and, on account of inadequate tariff protection on woven jute products, jute manufacture in the United States has largely centered in high-grade yarns for carpet manufacturing and in twines.

This company's American products, which consist chiefly of jute yarn, are heavily protected. In their operations on jute yarns, they have been the beneficiary of a protective tariff for a long period. Whenever tariff hearings have been held, their representatives have been present, clamoring for higher rates. This year was no exception. In spite of the fact that the present yarn schedule shuts out over 99 per cent of foreign competition, they asked for the most startling increases in the jute yarn rates.

In his statement before the Ways and Means Committee, Mr. Malcolm B. Stone, treasurer of this company, made this statement:

We took our chance when we moved our bagging looms to India. If a protective duty is really put on with an idea of protecting the American bagging industry, we can easily move them back again.

Questioned by Mr. Treadway, he admitted that the movement of this machinery had thrown 30 per cent of their employees out of work.

There may be other instances where American machinery has been moved out of this country and the product of that machinery permitted to come back in here practically free of duty to the detriment of our American manufacturers, but if such instances exist I am not acquainted with them.

It is hard for me to believe that with these facts before you that the necessary tariff adjustment to bring this machinery back to America where it belongs should be long delayed.

In their report accompanying the bill, Congressmen Kearns, Estep, and Crowther state:

The proposals to place considerably higher duties on jute manufactures and to transfer raw jute from the free list to the dutiable list have been carefully considered. The changes requested could not be made without a detrimental effect on the old and well established domestic jute manufacturing industry, producing principally twist, twine, and cordage, on which the rates of duty are somewhat higher than they are on jute manufactures (burlap, for instance) which are not produced in the United States. Furthermore, evidence is insufficient to prove conclusively that the benefits which might accrue to domestic cotton growers and cotton manufacturers would be such as would justify the higher prices and thus added costs which would inevitably result.

It is quite true that a tariff on raw jute would increase the cost of manufacturing jute yarn in America, but it is not true that a tariff on jute cloth could possibly have a detrimental effect on jute manufacturers engaged in the production of yarn, twist, twine, and cordage.

Senator SACKETT. Is there any use for jute until it gets to be jute yarn?

Mr. McCAMPBELL. It is used in making calking material.

Senator SACKETT. Does that amount to anything?

Mr. McCAMPBELL. I think the estimate made by the Ludlow Co. was 10,000,000 pounds.

Senator SACKETT. That comes in free?

Mr. McCAMPBELL. Yes; that comes in free. It is used for calking water pipes.

Senator SACKETT. That is practically the only use for it?

Mr. McCAMPBELL. I think so.

Senator SACKETT. It would not help the cotton farmer any to put a tariff on raw jute, would it?

Mr. McCAMPBELL. I think it would.

Senator SACKETT. When your jute yarn to make the stuff of is protected to that extent, what would be the advantage to him of protecting raw jute?

Mr. McCAMPBELL. It would help to keep the textile manufacturer from running on jute instead of on cotton; if you protect the cloth as we are asking you to do, undoubtedly jute burlap will be woven in America. Now, if you protect raw jute for the farmer, we will run those mills on cotton instead of on jute. That is about the size of it. Is that clear?

Senator SACKETT. I get you.

Senator BINGHAM. Is any cotton raised in India?

Mr. McCAMPBELL. Yes; nearly 6,000,000 bales.

Senator BINGHAM. About the same labor conditions have prevailed as in the jute-raising industry, I suppose?

Mr. McCAMPBELL. Yes.

Senator BINGHAM. In that case, is it not a little remarkable that we are able to raise any cotton, and export an awful lot from this country, when we have to compete with the cotton of India raised with cheap labor?

Mr. McCAMPBELL. No; I do not think so.

Senator BINGHAM. Your jute in India is raised by the same people who raise the India cotton?

Mr. McCAMPBELL. Yes; but not on the same land.

Senator BINGHAM. The truth is that you could not raise jute in this country anyway?

Mr. McCAMPBELL. I do not think that has been proved, Senator.

Senator BINGHAM. Is it not a fact that in India, where you have different conditions, the cheap labor for both the jute fields and the cotton fields, they do not compete with American cotton, and we export cotton?

Mr. McCAMPBELL. Indian cotton does compete with American cotton.

Senator BINGHAM. Of course it does compete.

Mr. McCAMPBELL. It is restricted by two facts. In the first place, while the labor is substantially cheaper, the tools that they are working with are not nearly so good; and the land on which they raise the cotton will only produce about 85 pounds to the acre, whereas our land turns in about 160 pounds, and their fiber is much shorter than ours. These are important differences. They undersell us about 4 cents a pound.

Senator BINGHAM. They do not use fertilizer there at all?

Mr. McCAMPBELL. I do not know that.

Senator BINGHAM. Is not this true, that the American farmer who uses sacks for all of his products that I have enumerated here, uses a lower-grade product for his sacks at present, and that you are trying to force him to use a better-grade product than he is using at present for sacking; because if he did that he would use cotton; is not that right?

Mr. McCAMPBELL. Yes; that is right.

Senator BINGHAM. So that what you are trying to do is to teach him to use a better article for his sacking for fertilizer and all the rest of it?

Mr. McCAMPBELL. An article that he formerly used.

Senator BINGHAM. When did he use cotton bags?

Mr. McCAMPBELL. Well, up in your neck of the woods, the Amoskeag Manufacturing Co. used to make about 150 cars of 2-bushel seamless bags a year. They do not make any now.

Senator BINGHAM. But you testified that the importation of jute burlap 30 years ago was only 66,000,000 yards.

Mr. McCAMPBELL. It has grown at an average rate of about 25,000,000 yards a year. Part of that is proper, and should go with the increase of our country and the industrial growth of America, but a good portion of it has been taken out of cotton mills, and I can cite several mills right in your own territory that have been wrecked by that very thing.

Senator BINGHAM. The fact is that you are trying to get the farmer to use a superior article, and it is undoubtedly as though you put a prohibitive tariff on. Supposing that we had an export interstate commerce act in this country under a constitution, where you could tax export products and put on a prohibitive duty so that people in Vermont would have to eat strawberries. Is not that a similar case?

Mr. McCAMPBELL. No, I do not think it is. We have here textile fiber which is as short as five-eighths inch. It is not the same thing as seven-eighths inch. It, too, might be separated. Jute treads on our heels very closely, the line between cotton and jute is very narrow. Beets and cane are different plants, but when they are transformed into sugar they are pretty much alike.

Senator BINGHAM. Do you want to put a tariff on the cheaper article so as to make them use a more expensive article?

Mr. McCAMPBELL. We want to get some relief, and you gentlemen have put yarns under protection. What we want is equal protection.

Senator BINGHAM. You are not asking for any tariff on raw jute?

Mr. McCAMPBELL. No; I am not a farmer. I am a manufacturer. I am asking for a tariff on cloth. I sympathize with the farmer in his request.

Senator BINGHAM. Would you like to be allowed to take the jute yarn that comes in and make it into jute cloth?

Mr. McCAMPBELL. If jute yarn came in, and jute cloth were taxed, it would be possible to take this yarn and make it into jute cloth.

We have not recommended any substantial change in the jute yarn schedule with which American jute manufacturers are particularly concerned. Our estimates of the increase in the consumption of cotton do not include 1 pound of raw jute or 1 pound of jute yarn, twist, twine, or cordage. I want to make that very clear.

They are based exclusively on jute cloth and jute bags. Furthermore, if rates on jute cloth are established which will make possible the manufacture of jute burlap in America, is it not certain that those most likely to engage in its manufacture are the present manufacturers of jute yarn, and if jute weaving establishments attempt to operate without producing their own yarn, they would most certainly purchase their yarn from the present jute yarn manufacturers. Just how the introduction of this huge additional outlet for their product could affect these gentlemen adversely, I am at a loss to understand.

In his address before the House on May 17 (Congressional Record, p. 1472) Congressman Estep, of the jute subcommittee, seemed to give considerable weight to the testimony of Mr. Fitzhugh, a jobber, of Vicksburg, Miss., who argued against an increase in the tariff on jute bagging. I have before me, and I am filing as an exhibit, an article clipped from the Jackson, Miss., News, of May 9, reciting that the Mississippi Chamber of Commerce had approved a report of its tariff committee definitely favoring a substantial duty on jute and its products. It would seem that Mr. Fitzhugh's opinion carried more weight with Mr. Estep than it does in his own State of Mississippi.

Attempts were made to show that a tariff on jute cloth would adversely affect American bag manufacturers. These arguments were not, in our opinion, convincing. Practically every American bag manufacturer makes bags of cotton cloth as well as of jute cloth, and if a portion of their business were transferred from jute to cotton, we do not feel that they would thereby be injured.

In this connection, it might be pointed out that the Bemis Bros. Bag Co., the largest manufacturer of bags in America, is a controlling stockholder of the Angus Jute Co. in Calcutta. Mr. Albert F. Bemis, of that company appeared before the House committee to argue against an increase in the rates on jute cloth, where it was rather clearly demonstrated that his interest in this subject was dictated by his Indian operations rather than his American operations.

Efforts were made to show that an increase in the rate of burlap would hugely increase the cost of bags to the American farmer. One of the bag manufacturers undertook to tell us that a 2-bushel burlap bag, made from 10½-ounce burlap cloth, weighing approximately 13 ounces and selling for about 14 cents, was in every way comparable to a 16-ounce seamless cotton bag costing 33 cents.

I have some of these cotton bags here [producing samples]. There is a burlap bag, and here is the 2-bushel seamless cotton bag, what is known as American A. They said that this bag was comparable to that one [indicating]. Such a bag is neither as sightly, closely woven nor nearly as strong as the cotton bag.

To accomplish the same breaking strength, burlap must be woven approximately 33¾ per cent heavier than cotton, so that a burlap bag, truly comparable to a 16-ounce seamless cotton bag, would weigh between 21 and 22 ounces and would cost 23 or 24 cents. The difference between the two costs would be nothing like 19 cents a bag.

Senator SACKETT. What would it be?

Mr. McCAMPBELL. I have that specifically laid out. I am touching now on another burlap bag. This is a 7½-ounce bag [indicating].



The National Potato Institute put in a letter, which, after elaborate estimates of the number of bags used by potato growers, said:

Of these, probably between 60,000,000 and 70,000,000 are purchased new every season.

The wholesale price of 7½-ounce, 2-bushel burlap potato bags to-day is \$120 per thousand; compared with this, the wholesale price of 2-bushel American A seamless cotton bags is \$335 per thousand, or a difference of 21½ cents per bag.

Senator SACKETT. What is the weight of the seamless bag as compared with the other?

Mr. McCAMPBELL. Sixteen ounces, and this weighs about 9¼ ounces.

Senator SACKETT. Then it is a much better bag?

Mr. McCAMPBELL. Yes, a very much better bag.

Senator SACKETT. Then why do you not compare it with the bags of the same quality?

Mr. McCAMPBELL. I will do it so promptly. [Continuing reading:]

Calculated on this basis, it would cost the potato industry approximately \$30,000,000 each season to change from burlap containers to cotton containers.

This is a rather grotesque piece of arithmetic, for if the average number of new bags, 65,000,000, be multiplied by 21½ cents, the figure given, the result is \$13,975,000, and not \$30,000,000 as stated.

A 2-bushel bag made of 40-inch 7½-ounce burlap weighs about 9¼ ounces and can not be fairly compared with a 2-bushel cotton bag weighing 16 ounces.

We presented to the Ways and Means Committee tests made by the United States Testing Co., showing that 7½-ounce burlap breaks at 62 pounds in the warp and 54.8 pounds in the filling, also showing that 40-inch 48/48 2.85 yard (5.6 ounce) cotton sheeting breaks at 70.4 pounds in the warp and 54.1 pounds in the filling, which, in our opinion, clearly establishes it as a comparable cotton cloth. As a matter of fact, tests equal to those shown on 40-inch 7½-ounce burlap can be accomplished with even lighter, coarser count and lower-priced cotton fabrics. Samples of such fabrics, however, are not available, as they have been forced out by jute competition and are not now in production.

American A seamless cotton bags will break at about 106 pounds in the warp and 92 pounds in the filling. The claim that they are the cotton article comparable to a 40-inch 7½-ounce jute bag is grossly misleading.

On February 20, the date of the letter under discussion, the difference in cost between a 7½-ounce jute bag and one made of 2.85 yard cotton sheeting was just about 5 cents per bag and not 21½ cents as these gentlemen would have you believe.

If the potato growers should have to pay a premium of 5 cents on 65,000,000 bags, the cost to them would be \$3,250,000 and not the \$30,000,000 they claim.

The increase in the jute cloth tariff that we have recommended, translated into a 2-bushel bag made of 40-inch 10½-ounce burlap, would be 4.88 cents per bag, or translated into a bag made of 40-inch 7½-ounce burlap, 3.82 cents per bag. The fact that these bags hold 2 bushels each cuts this half in two if stated per bushel.

That is not all, for each bag is reused many times. Taking the Potato Institute's own figure which, as you have seen, are a bit overstated, the added cost per bushel of potatoes would be less than half a cent.

There are 60 pounds in a bushel of potatoes, and if you attempted to carry it out to the pound, it would be so far behind the decimal you could not find it.

Senator BINGHAM. If they did not reuse them, it would be about 2 cents a bushel?

Mr. McCAMPBELL. Yes; 1.91, I think it is.

Senator SACKETT. They would be able to reuse these bags a great many times?

Mr. McCAMPBELL. Yes; they would reuse them. The reuse would greatly reduce the original cost.

Senator BINGHAM. The reuse in burlap?

Mr. McCAMPBELL. Yes; it is burlap we are talking about.

Senator SACKETT. What is the reuse in cotton?

Mr. McCAMPBELL. I think the reuse in cotton is more. Certainly, if that is the bag they are talking about, this [indicating cotton sample] would make many times the trips this one would [indicating jute sample].

Also, it is conceivable that some portion of this tariff would be absorbed by the Indian manufacturers of burlap. I am filing with you, as an exhibit a reprint from the Calcutta financial magazine, "Capital," listing practically all of the Indian and British owned mills and giving their dividend record since 1920. This is quite interesting. Translated into American currency, the total invested ordinary capital (common stock) of this group of mills is \$50,279,092. Earnings for the last complete year, 1927, were \$20,767,933, or 41.31 per cent on the outstanding common stock. Average common earnings for the eight years, 1920 to 1927, inclusive, were \$18,496,198, or 36.79 per cent—practically 37 per cent.

You will note that in this list the American-owned mills, Ludlow, American and Angus, are conspicuous by their absence. These, too, have been profitable. The earnings of the Ludlow Manufacturing Associates were recently published. In 1928 their net earnings were \$2,442,000. Their average import of raw jute for the last several years has been about 56,000,000 pounds. These earnings show a little better than 4 cents on each pound of raw material imported into America. The highest duty that has been suggested on raw jute is 3 cents a pound, so the idea that such a duty would destroy their business seems to be a trifle exaggerated.

Even if they found themselves unable to pass any portion of such a duty along to their customers, they would still be able to function very comfortably and show earnings somewhat in excess of those recently developed in the cotton textile industry.

The opponents of a proper tariff on jute cloth have made much of the fact that the Textile World, of New York, has joined them in opposing this tariff. I do not know how I can better answer this than to quote from a recent editorial in the "Manufacturers Record," as follows:

A NEW YORK TEXTILE PAPER TELLS HOW TO ADVANCE THE PRICE OF COTTON BUT OPPOSES THE METHOD

The Textile World, of New York, in its vigorous opposition to a tariff on burlap, says that its proponents claim that this tariff on burlap would make an increased demand of a minimum of 650,000 bales of cotton annually to well over a

million bales, and under such a proposed tariff the Textile World says "cotton prices would be enhanced in average value anywhere from 1 to 5 cents a pound; or even more in short-crop seasons."

The Textile World protests that this would be a tax upon the whole cotton textile industry and upon the farm industry for the benefit of a comparatively small selfish interest. "This in itself," says the Textile World, "would be an economic crime of the first magnitude."

If the Textile World can only convince the farmers of the South that a tariff on jute would result in an advance of 1 to 5 cents a pound on cotton, they will scramble so lively to secure this tariff that Congress will hear from them in an endless stream of petitions.

While protesting against such a tariff on jute as an injury to the textile industry as a whole, claiming that it would also result in causing an increase in lower grades of cotton, the Textile World says: "With cotton deteriorating in length and character and with a steadily increasing scarcity of 1 to 1½ inch cottons, it would be economic suicide to place such a premium upon the growth of short, low-grade cotton."

Surely the Textile World was not thinking of the welfare of the millions of people who grow cotton. It was thinking only in terms of the New England cotton manufacturing industry, entirely without regard to the welfare of southern farmers. Its statements, however, are an admission of an advantage to the cotton-growing industry stronger than we have ever seen advanced by anyone. We congratulate the Textile World upon an admission which, if it can be driven home into the belief of southern farmers and southern business men generally, will result in a unanimous demand from the South for a tariff on jute.

The beauty of this editorial of the Textile World against a duty on jute burlap is that in its effort to safeguard the cotton industry of New England it makes admissions which in the end must necessarily be extremely damaging to its own side of the case. If a duty on jute will raise the price of cotton from 1 to 5 cents a pound, then by all manner of means let us have that duty placed as quickly as possible. Not a day is to be lost.

The only real argument that has been presented against our proposal is that a tariff on jute cloth would raise the price of bags to the American farmer. The American farmer is a larger user of jute bags. That we do not deny, but there is scarcely a dutiable article that is not used by the American farmer. Whatever increase in price goes with a protective tariff has been borne to some extent by agricultural interests. It is true that this particular proposal will levy a further burden, but the burden will not be large and the benefit will accrue directly to the farmer himself.

In their brief before the Ways and Means Committee, the Ludlow Manufacturing Associates admitted it would increase the American use of cotton 400,000 bales. This is a pessimistic estimate, but even on this basis employment would be furnished for 100,000 farmers and 1,300,000 acres of land, now producing other crops, would be devoted to the production of cotton. Surely this slight cost is not too great a price to pay for so desirable a result.

Senator SACKETT. You can not increase the price of cotton and at the same time increase the acreage by 1,300,000 acres.

Mr. McCAMPBELL. I think it would do a little of both, Senator —

Senator SACKETT. If you do the latter, you will be in trouble again.

Mr. McCAMPBELL. I think the American farmer will raise all the cotton we will buy.

Senator SACKETT. I think so too. I have that feeling about it.

Mr. McCAMPBELL. I do think it will help agriculture.

Senator SACKETT. It will help the price of cotton?

Mr. McCAMPBELL. It will always be a balance. When acreage goes up price goes down unless consumption is increased.

Senator SACKETT. You heard Senator Ransdell's argument here this morning, that if we put this tariff on jute, we would raise the price of cotton 2 cents a pound. Now, if we put a tariff on jute and increase the acreage by 1,300,000 acres that argument goes up in smoke.

Mr. McCAMPBELL. Not necessarily, Senator. I think you will get a profit at one end—

Senator SACKETT. You might strike a balance.

Mr. McCAMPBELL. I think if it would make a use for an additional 1,000,000 bales and if we did not raise any additional cotton, it would go up 15 cents a pound. There has got to be a balance between the two. That is my opinion.

Our sympathy for Indian farmers and mill workers has been invoked, but for the sake of keeping foreign farmers and operatives busy do we want to have our own farmers suffer and our own operatives remain idle?

It has been pointed out that no light-weight jute cloths are woven in America and that there is no reason for protecting an industry which does not exist. The question has been asked why no American manufacturer of jute burlap appears before you as an advocate. One might as well reason that a murderer should be allowed to go free because his victim is unable to appear against him. This industry does not exist because the present jute-cloth schedule does not permit it to exist.

There is your jute cloth schedule. That is why we have no jute manufacturers here.

Senator SACKETT. You, yourself, are a potential jute manufacturer?

Mr. McCAMPBELL. Yes, sir.

Senator SACKETT. Then the murderer is sort of escaping for the present.

Mr. McCAMPBELL. I claim the schedule is the murderer.

Senator SACKETT. The victim is escaping.

Mr. McCAMPBELL. I claim the burlap manufacturer in America—

Senator SACKETT. Does not exist.

Mr. McCAMPBELL. Does not exist. But that argument is eternally presented, Senator. Why are not these people here to cry about this? How can they be when their industry has long since been destroyed?

Senator SACKETT. I am trying to draw your attention to the fact that you are a potential manufacturer, and you are here.

Mr. McCAMPBELL. Yes, sir. Thank you very much.

Senator BINGHAM. Is it not true that about 140,000,000 pounds of jute yarns and twines were produced by American industry last year?

Mr. McCAMPBELL. Yes; but not woven.

Senator BINGHAM. They were produced by American industry?

Mr. McCAMPBELL. Yes; but they were not woven. They were spun.

Senator BINGHAM. Then you are not interested in a tariff, except on cloth?

Mr. McCAMPBELL. Cloth is my alpha and omega to-day.

Senator BINGHAM. Yes, to-day.

Senator SACKETT. That is what he is asking for.

Mr. McCAMPBELL. Put a tariff on the cloth in line with the tariff on the yarn, and you will not hear another murmur out of me.

Senator BINGHAM. Will not the tariff increase the price of the yarns and twines?

Mr. McCAMPBELL. No, sir.

Senator SACKETT. Let that alone?

Mr. McCAMPBELL. We do not want to hurt the American jute manufacturer.

Senator BINGHAM. Well, is it likely that you could persuade the cotton grower to use a large amount of cotton cloth in wrapping his bales, under present conditions?

Mr. McCAMPBELL. My own opinion, Senator, is that the possibility of covering cotton with cotton lies more with the net weight bill than with the tariff bill.

Senator BINGHAM. In other words, this will not help?

Mr. McCAMPBELL. I think the tariff on jute will help considerably.

Senator BINGHAM. But probably will not increase the amount of cotton used for wrapping bales?

Mr. McCAMPBELL. We probably will not do it the way the thing stands at present, as long as the custom of gross weight continues.

Senator BINGHAM. Is there any used at present?

Mr. McCAMPBELL. A very small quantity.

Senator BINGHAM. Was there any used in 1927?

Mr. McCAMPBELL. I think Mr. Odenheimer told you they used 6,000,000 pounds in a number of years. The start had to be in times of low-priced cotton.

Senator BINGHAM. Did not the figures you referred to on jute cover the cost of covering bales of cotton?

Mr. McCAMPBELL. Of jute cloth; yes, sir.

Senator BINGHAM. Well, in view of that fact, that probably you will not get that market, or only a small part of it, and in view of the fact that this sacking is going to be used over and over again more than the burlap, and in view of the fact that a lot of this stuff after it has been used up is convertible back for reuse—

Mr. McCAMPBELL. That is already included in the figures, because the jute bagging is also reworked.

Senator BINGHAM. Do you not think that those items will seriously affect the matter?

Mr. McCAMPBELL. My figures of 1,573,000—I am quoting it on the basis of the million, on the basis of those items you have enumerated.

Senator GEORGE. That is 1,573,000 what?

Senator BINGHAM. What is that?

Mr. McCAMPBELL. That is the imports of jute cloth and bags translated into pounds.

Senator BINGHAM. Is it used for other purposes, other than cloth?

Mr. McCAMPBELL. No, sir.

Senator BINGHAM. It is not?

Mr. McCAMPBELL. It does not include a pound of yarn; not a pound.

Senator BINGHAM. It just includes jute cloth and nothing else?

Mr. McCAMPBELL. It takes the jute cloth and their further use as bags. It takes jute burlapping, jute bagging, and jute bags. This brief is very clear on that point.

Speaking of the jute burlap, under similar treatment other textiles would fare little better. Just drop the tariff barrier on cotton and

woolen cloths low enough and you will see the seaving of those fibers slowly follow that of jute across our borders, leaving behind a wake of idle mills and unemployed workers.

The point has been made that there is little competition between cotton fabrics and jute fabrics. When our pro-jute friends talk among themselves, their conversation is vastly different than it is when they are attempting to influence your decision. The Daily Mill Stock Reporter is a newspaper published in New York, largely devoted to jute and its uses. The two following excerpts from editorials appearing in that paper show that the competition between the two fibers is recognized by jute as well as cotton interests.

Senator BINGHAM. Now, just a minute. In testifying before the House committee you said:

In 1927 the jute and jute butts came in to the amount of 184,000,000 pounds; the jute yarns came in to the amount of 2,900,000; jute bagging, 101,000,000; bur-lap and other jute cloths, 571,000,000; jute bags and sacks, 37,000,000; and the total was 897,000,000. It has averaged over 900,000,000 for the last three years.

Mr. TREADWAY. Pounds or yards?

Mr. McCAMPBELL. Pounds.

Mr. TREADWAY. You claim that amount would all be transferred to cotton by putting a duty on jute?

Mr. McCAMPBELL. If the entire jute program were carried through, I estimate about 1,000,000 bales of cotton.

Mr. McCAMPBELL. Yes, sir.

Senator BINGHAM. Now, that is the entire program, and yet to-day you seem to have changed your position to state that if only the cloth were taken care of, the amount of cotton increase would be 1,500,000 bales, which you are willing to reduce because of these other things that have entered into it. Now you have changed your position since you testified before the House committee?

Mr. McCAMPBELL. No; I do not think I have.

Senator BINGHAM. I quoted from your testimony.

Senator SACKETT. I do not think that is a change.

Mr. McCAMPBELL. I do not think that is a change at all.

Senator SACKETT. I think you just misunderstood it.

Senator BINGHAM. Did you hear that?

Senator SACKETT. Yes; I heard it. He does not claim anything for jute butts or yarns.

Mr. McCAMPBELL. It is a question of fact, and not of opinion. It is a question of pounds or quantity translated into pounds. Mr. Alexander there, or Mr. Clarke, can give you the precise amounts of imports of jute cloth. They are here regularly. There was a schedule here. Senator George had one, and it seems to have disappeared. The total imports last year were—

Senator GEORGE. Now you mean 1928?

Mr. McCAMPBELL. Yes; 1928. My figures were based on 1927.

Senator GEORGE. 1927?

Mr. McCAMPBELL. Yes, sir. I do not quite follow this. The grand total is 968,000,000 pounds in 1928 [reading from photostat]. Now, that is divided. The figures are not clear there. The figures I gave the Ways and Means Committee were taken directly from here [indicating].

Senator GEORGE. What are you quoting from now?

Mr. McCAMPBELL. I am quoting from "The Rising Tide of Jute."

Senator BINGHAM. That is your own book?

Mr. McCAMPBELL. That is my own book. These figures are official figures furnished me by the United States Tariff Commission. There is one estimate in it which I find is a little strained, and that is that I averaged the jute bagging at 2 pounds a yard. I find they have changed that to 25.6 ounces per yard. That would throw the figures slightly off. But with that exception the thing is a question of fact and not of my opinion or anyone's else. The only estimate that goes into it is the amount of waste in manufacturing the raw jute into cloth.

Senator BINGHAM. I am afraid you did not get the point before. In your testimony, when Mr. Treadway was questioning you, you stated: "If the entire jute program were carried through, I estimate about 1,000,000 bales," and so forth.

Mr. McCAMPBELL. Yes; the program we asked for was on cloth.

Senator SACKETT. That is the same program he offered the House committee, if that were carried through, it would mean a million bales of cotton; that is, cloth and bagging. That is what he asked for.

Senator BINGHAM. Then the testimony we had this morning with reference to the necessity of putting a duty immediately on jute and jute products—

Senator SACKETT. He has not said anything about that.

Senator BINGHAM. And those people claimed if it was done, it would be a million bales; and he claimed that the larger part was taken for bagging.

Mr. McCAMPBELL. It is not the larger part. The figures on total imports, and of raw jute will show that.

Senator SACKETT. About 20 per cent.

Mr. McCAMPBELL. Yes; and you have, also, a waste factor.

Senator SACKETT. I would like to ask you about the testimony we had this morning. The gentleman from New Orleans said if you used a cotton bag of the same strength as the jute bag, the difference in weight would make the selling price of the two just about the same. Do you agree with that statement?

Mr. McCAMPBELL. I do not.

Senator SACKETT. Well, you think the difference is what?

Mr. McCAMPBELL. The difference, as I have calculated it, is about one-third. Six-ounce cotton cloth will test with and break with 8-ounce burlap. I submitted those to the Ways and Means Committee. An 8-ounce Osnaberg [indicating] that is cotton, with 10½ jute burlap. I think you misunderstood him a little.

Senator SACKETT. Maybe I did. I could get it here.

Mr. McCAMPBELL. These lighter weight cloths are known as jute burlap [indicating].

Senator SACKETT. Yes, sir.

Mr. McCAMPBELL. The heavier weight is known as sacking, or bagging.

Senator SACKETT. Yes.

Mr. McCAMPBELL. Now, the custom of selling American cotton gross weight has led the farmer to steadily add to his tare.

Senator SACKETT. Yes.

Mr. McCAMPBELL. And that cloth has been made heavier and heavier and heavier, and cheaper and cheaper and cheaper, on the theory that he is getting a profit on it, until it is an abortion, as we look at it. It counts 32 threads to the inch and weighs 22 ounces.

The cotton that was shipped to Bremen was packed in cotton cloth, and it carried better than the jute cloth, which was the basis of Mr. Odenheimer's statement. I think he was talking about bagging.

Now, on the burlaps proper, we figure that there is about 33½ per cent difference. On the bagging, it is not a cloth, really, by description, a 12-ounce cotton cloth proved superior to 32-ounce jute bagging.

Senator SACKETT. Now, he felt that with a good sales organization protected by the tariff temporarily, he could overcome the prejudice against the use of cotton and put cotton in, and by a sliding scale of duty he could get everything he wanted. Do you agree with that?

Mr. McCAMPBELL. I do not.

Senator SACKETT. Now, one other question while we are on it: How much of this jute cloth is made of yarns 40 pounds or over?

Mr. McCAMPBELL. The jute cloth? That takes in jute bagging, I think that is the one thing that would come in that bracket.

Senator SACKETT. Coarser than 40 pounds?

Mr. McCAMPBELL. Yes; coarser than 40 pounds. I do not think any of that yarn comes in here. Possibly the jute people could give it to you.

Senator SACKETT. You have a duty on it.

Mr. McCAMPBELL. Yes; because that is the weight yarn out of which bagging is made.

Senator SACKETT. You have reduced the duty from what it is in the present act?

Mr. McCAMPBELL. On the yarn.

Senator SACKETT. No; on your cloth. You have asked for 1 cent per pound, plus 1 cent per yard?

Mr. McCAMPBELL. Yes, sir.

Senator SACKETT. At the present time the duty is 2½ cents on the yarn and 1 cent on the cloth?

Mr. McCAMPBELL. Bagging does not really fall under any present cloth bracket. It sells under the one which is above there, cotton bagging—bagging for covering cotton.

Senator SACKETT. It is marked here 1 cent. Now the only thing that I see that you ask for in this duty is to ask on the cloth schedule for 2½, 4, 5½, and 7 cents?

Mr. McCAMPBELL. Yes; plus a penny a yard.

Senator SACKETT. The penny is on there already.

Mr. McCAMPBELL. I want a cent per yard.

Senator SACKETT. The other was 1 cent per pound, was it?

Mr. McCAMPBELL. Yes, sir.

Senator SACKETT. The 1922 act is a cent per pound?

Mr. McCAMPBELL. Yes, sir.

Senator SACKETT. It says coarser than 40 pounds, 40 pounds to 20 pounds, and so forth.

Mr. McCAMPBELL. The note says that the specific rates are expressed in cents per pound unless otherwise noted.

Senator SACKETT. What is the difference between a cent a pound and a cent per yard?

Mr. McCAMPBELL. On this one [indicating] it would mean 2 cents a pound. On jute bagging, about ½ cents a pound.

Senator SACKETT. All right.



Mr. McCAMPBELL. I was about to quote from the Daily Mill Stock Reporter, indicating that the jute interests realize there is a very sharp competition existing between the two industries.

Senator SACKETT. Do you think it is necessary to read that, or just put it in?

Mr. McCAMPBELL. I will put it in.

Senator SACKETT. It would save a little time for us and for you too.

Mr. McCAMPBELL. Yes, sir.

(The quotation from the Daily Mill Stock Reporter is as follows:)

Burlap is a cheap commodity. It is the cheapest textile the world knows of. Its use all over the world is based on its cheapness. Were it not for its low cost there isn't the slightest doubt that in a great many cases some other textile would be used in its place. The very existence of the jute-goods industry depends on the cheapness of the article produced within the industry, and if prices of burlap should rise to where they are anywhere near the proximity of those of competing textiles, there is no question that its consumption would suffer. There is no gainsaying that low prices—comparatively low, at least—would be beneficial to the burlap market. With all the agitation and propaganda in favor of the substitution of cotton for jute, the best and surest weapon with which to battle the substitution danger is low prices for jute and burlap. Burlap prices still are relatively below those for comparable classes of cotton goods, but the margin between has become so slim there is danger lurking in the price position. So long as the price differential between the two commodities remains slight there will be the possibility of substitution of cotton for jute on an impressive scale, but should prices of burlap get down to levels where they are well below those for cotton cloth, there would be small probability of any appreciable substitution and much of the propaganda being put out by cotton interests would promptly cease.

Mr. McCAMPBELL. Here is another instance of the same sort. Efforts are being made to establish a burlap exchange in New York. These efforts are being opposed by the burlap trade. Mr. T. M. Gallie is chairman of the Trade Committee. On this committee are Mr. Duane Hall, who appeared at the House hearings, also Mr. H. H. Allen of the Bemis Bros. Bag Co.

I have here and am filing as an exhibit an article from the Journal of Commerce of May 24, 1929.

It seems that Mr. Julius B. Baer, attorney for the exchange, has written a book, in which this passage appears:

Not only must a supply of a commodity be large, but its flow to world markets must be substantially free and unhampered by artificial restraint. An impossible condition would exist if organized futures trading were attempted in a market where the supply was under effective control and could be increased or diminished at the will of any government, group, or individual.

Commenting on this, Mr. Gallie says:

The outstanding example of any industry where the supply is effectively controlled is Calcutta burlap. Burlap has long been controlled effectively by a joint agreement of the Indian Jute Mills Association. Even during the bulk of the war years, when there was a tremendous demand for burlap, the mills maintained an arbitrary working schedule to curtail production.

Again quoting Mr. Baer's book:

Uncertainty of supply and demand is essential for a commodity to be the subject of futures trading. If supply and demand are both certain, prices are readily adjusted without the intervention of any organized market machinery. Again, if either of the factors is certain and the other uncertain, while the problem of adjustment is more difficult, no elaborate market machinery is required to bring it about and there is not sufficient uncertainty to engage the attention of a large body of speculators.

Again Mr. Gallie comments:

The interesting point here is that this confirms the contention held all along by the trade committee. It is a very simple thing to know within a comparatively few yards what the Calcutta output is per month. The number of looms is public property and the average production per day per loom is equally well known.

That is a well-regulated commodity.

So we find that the same gentlemen who are so solicitous lest a proper burlap tariff work a hardship on our farmers are perfectly content that those same farmers be exploited for the benefit of Calcutta jute manufacturers who employ for the purpose methods our Government forbids our own manufacturers to use. Is not our tariff a proper defense against such a condition?

Senator SACKETT. Now, how much of a burden upon the use of jute bagging and burlap, in your judgment, is the ability of the manufacturers in India to create a trust and monopolize the market?

Mr. McCAMPBELL. I think that could be rather well determined, Senator. As an exhibit with this brief, I have filed a reprint from the Indian financial publication, Capital, giving a list of Indian jute mills, together with their common capital stock and dividend records for the last several years.

In American currency, the common capital stock of these mills amounts to \$50,279,092. Earnings for the last complete year, 1927, were \$20,767,933. Assuming that these gentlemen would be willing to do business on a 10 per cent dividend basis, or \$5,027,909, rather than abandon the American market, the difference between that and their actual earnings, which might be termed "excess profits," is \$15,740,024.

Calcutta shipped, in 1928, 1,556,190,231 yards of jute cloth (HH-P5832), of which 988,044,556 yards came to the United States (HH-P5833). If the proportion holds, \$9,993,536 of these "excess profits" came from United States consumers. The list of mills given does not include the American companies—Ludlow, American, and Angus—so that their profits would add to this result.

Furthermore, it is reasonable to assume that the percentage of profit from the United States business would be greater than that obtained in countries where protective tariffs are effective or where living standards are lower and competitive conditions more severe than our own.

Taking these factors into consideration, I estimate the total amount as between \$12,000,000 and \$15,000,000.

Senator SACKETT. Then you think the penalty which our farmers and other jute users pay for jute-Indian combinations amounts to \$15,000,000 a year?

Mr. McCAMPBELL. Yes; I am giving figures which are in evidence.

Senator SACKETT. And that the only way in which that can be overcome and stopped is to put a tariff on the manufactures of jute cloth so that it can all be made in this country and put a stop to these things?

Mr. McCAMPBELL. Yes; I think it is a shame to let the foreign manufacturer do things that we are not allowed to do.

Senator SACKETT. Of course, you could only get a portion of that. Some would still come in, and might make it cost the farmer that much more.

Mr. McCAMPBELL. Well, it all has a bearing, still I think it is a fact that our customers would profit proportionately to the extent that the Calcutta Association profits are cut down.

And again I ask, is it not conceivable that some portion of this tariff may come out of the pockets of these affluent Calcutta manufacturers before any part is paid by our own consumers?

Senator SACKETT. But, at any rate, it would all come back to the farmer or the Government, in the shape of duty.

Mr. McCAMPBELL. Yes, sir.

Senator SACKETT. The whole \$15,000,000.

Mr. McCAMPBELL. Yes, sir.

Our opponents would have you believe that the advocates of this measure are few in number, that its benefits would be remote and that we are greedy and selfish in our motives.

We resent the suggestion that we are either selfish or greedy. We do not seek preferential treatment.

Senator BINGHAM. Very few witnesses are concerned in the things they represent here. Selfishness does not enter into a tariff hearing.

Mr. McCAMPBELL. Selfishness may enter into some presentations, but it does not enter into this.

Senator BINGHAM. No one has accused you of selfishness.

Mr. McCAMPBELL. We have been frequently accused of it since the House committee hearings.

Senator BINGHAM. I have not heard any such charge.

Mr. McCAMPBELL. We do not seek preferential treatment. We only plead that that part of the jute schedule which affects our industry be balanced with other parts of that same schedule. In setting the rates on jute cloth, we urge you to follow the identical methods that the same bill applies to the other textile schedules, cotton, flax, and wool.

All we ask is even-handed justice. On this we rest our case. We have no war chest. We have no paid advocates. Such methods have been used against us. Perhaps they would help us to succeed. I hope not. For my part, I would rather win this case on its merits than to obtain twice the duty in any other way.

I come before you as the representative of the Association of Cotton Textile Merchants. The members of this association sell over half the cotton cloth woven in this country. Their annual business exceeds half a billion dollars. What I have said is officially indorsed by the American Cotton Manufacturers Association, whose members spin nearly three-quarters of the cotton used in the United States and have on their pay rolls 240,000 people who would be directly benefited.

In addition to this army of textile workers, 3,500,000 people find a livelihood in raising cotton. There is no measure before our Congress more important than the protection of this great industry. There is nothing which will so quickly bring order out of textile chaos.

We are living in a protected country. Protests against protection have died until only a faint echo is heard. American farming and textile interests are entitled to a fair share in such protection. If they must buy everything they use in a protected market, it is but simple justice that they should enjoy the same measure of protection when it comes to their turn to sell.

Do this and on our cotton farms, in our cotton mills, better hours, better wages, and better working conditions will come of their own accord.

Senator SACKETT. Just one question: I notice in this proposed schedule that you put in here raw jute, jute butts, waste bagging and waste sugar-sack cloth under the act of 1913 is free, and under the act of 1922 is free, and in your proposal nothing is said.

Mr. McCAMPBELL. I have left that open. I appear here as a cloth advocate. I am in sympathy with those who use raw jute, but I am representing the domestic cotton manufacturers and textile merchants. We are not advocating a duty on raw jute, except that we think the farmer is entitled to the same treatment as ourselves.

Senator SACKETT. You are advocating a decrease in jute twist, where it is 5 pounds and finer.

Mr. McCAMPBELL. Yes; there is a 4-cent premium for twisting yarn 5 pounds and finer and only a 1-cent premium for twisting jute yarn coarser than 5-pound. The 4-cent premium should be reduced. It is out of line with the other brackets.

Senator GREENE. We are much obliged to you.

(Mr. McCampbell read his brief into the record, and subsequently submitted the following supplemental brief:)

#### SUPPLEMENTAL BRIEF OF LEAVELLE McCAMPBELL

This proposed rate of 1 cent per pound, plus 1 cent per yard, applied to the imports of jute bagging for covering cotton during 1928, would have amounted to \$1,327,070.05. During the same period, these commodities actually paid, under the present paragraph, \$301,637, so the total annual cost of the proposed increase would be \$1,025,433.05. Applied to the 1928 crop of 14,269,413 bales, this would amount to 7.18 cents per bale.

The smallest change in the price of cotton recorded by any exchange is one-hundredth of a cent a pound, which is 5 cents a bale. During 1928 the average daily difference between the high and low quotations on the New York Cotton Exchange, based on the July and December options, was 28 points, or \$1.40 per bale. In other words, the daily variation in the market value of the American cotton crop is more than nineteen times the additional duty on cotton bagging we now propose.

It is fairly and reasonably estimated that the adoption of these proposed amendments to the jute cloth and bag schedules will add a million bales to consumption and lift the price of cotton \$10 per bale. Surely no real friend can object to a proposition whereby the American cotton farmer puts in 7 cents and takes out \$10. Furthermore, it is a rather well accepted business fact that the cost of packaging a commodity is added to its price. If this is true, even the burden of 7 cents a bale will be borne very largely by the textile interests who are asking for this increase and not by the farmer.

LEAVELLE McCAMPBELL.

Before me, personally, came Leavelle McCampbell, who under oath declared that the statement herewith presented is correct and true to the best of his knowledge and belief.

[SEAL.]

FRIEDA SCHERL,  
Notary Public, New York.

Commission expires March 30, 1931.

F. B. KEECH & Co.  
New York, June 26, 1929.

LEAVELLE McCAMPBELL, Esq.,  
New York, N. Y.

DEAR Mr. McCAMPBELL: In accordance with your request, we have taken from the records of the New York Cotton Exchange the high and low prices for the July option for each market day from January 1, 1928, to May 31, 1928, the high and low prices for the December option for each market day from June 1, 1928,

to October 31, 1928, and the high and low prices for the July option for each market day from November 1, 1928 to December 31, 1928, and on these figures have computed the average daily range of the market for the year 1928, finding the same to be 0.2799 cents per pound, or approximately \$1.40 per 500 pound bale.

We chose the July and the December options as being fairly representative of the summer and winter positions. Any other two options would show approximately the same daily range.

This work has been done with the utmost care and a double check, and we believe that the figures given may be counted upon as being correct.

Very truly yours,

F. B. KEECH & Co.,  
By R. L. THOMPSON

McCAMPBELL & Co. (INC.),  
New York, June 28, 1919.

Senator FRANK L. GREENE,  
Chairman Subcommittee Senate Finance Committee,  
Washington, D. C.

DEAR SENATOR GREENE: During the hearings on jute and manufactures of, Senator Sackett asked me:

"Now, how much of a burden upon the use of jute bagging and burlap, in your judgment, is the ability of the manufacturers in India to create a trust and monopolize the market?"

I find that my hurried reply to this question was not as complete and accurate as I would like testimony of mine to be before your august body. Therefore, I beg leave to substitute for that reply the following statement:

Mr. McCAMPBELL. I think that could be rather well determined, Senator. As an exhibit with this brief, I have filed a reprint from the Indian financial publication, Capital, giving a list of Indian jute mills, together with their common capital stock and dividend records for the last several years.

"In American currency the common capital stock of these mills amounts to \$50,279,092. Earnings for the last complete year, 1927, were \$20,767,933. Assuming that these gentlemen would be willing to do business on a 10 per cent dividend basis, or \$5,027,909, rather than abandon the American market, the difference between that and their actual earnings, which might be termed "excess profits," is \$15,740,024.

"Calcutta shipped, in 1928, 1,555,190,231 yards of juts cloth (HH-P5832), of which 988,044,556 yards came to the United States (HH-P5833). If the proportion holds, \$9,993,536 of these "excess profits" came from United States consumers. The list of mills given does not include the American companies—Ludlow, American, and Angus—so that their profits would add to this result.

"Furthermore, it is reasonable to assume that the percentage of profit from the United States business would be greater than that obtained in countries where protective tariffs are effective or where living standards are lower and competitive conditions more severe than our own.

"Taking these factors into consideration, I estimate the total amount as between \$12,000,000 and \$15,000,000."

Trusting it will be possible for you to do this, I am

Yours very truly,

LEAVELLE McCAMPBELL.

Before me, personally, came Leavelle McCampbell who under oath declared that the statement herewith presented is correct and true to the best of his knowledge and belief.

[SEAL.]

FRIEDA SCHERL,  
Notary public, New York.

Commission expires March 30, 1931.

McCAMPBELL & Co. (INC.),  
New York, June 28, 1929.

Senator FRANK L. GREENE,  
Chairman Subcommittee, Senate Finance Committee,  
Washington, D. C.

DEAR SENATOR GREENE: During the hearings on jute and manufactures of, I made the statement that—

"If every pound of jute bagging, burlap and bags were translated into cotton, there would be consumed annually 1,573,000 bales."

This seemed to be regarded as an extravagant statement, so if it is not out of order I would like to put in the record the following calculation based upon the inclosed photostatic copy of Jute and Manufactures of Jute, Imports for Consumption, calendar year 1928, furnished by the United States Tariff Commission, which was in evidence during the hearing. This calculation indicates that 1,573,000 bales was an under rather than an over statement.

You will note that during 1928 there were imported:

|  |                      |
|--|----------------------|
| Pounds of burlap.....                                | 615, 962, 556        |
| Pounds of bags.....                                  | 39, 796, 558         |
| Pounds of bagging, weighing 32 ounces or less.....   | 72, 445, 939         |
| Pounds of bagging, weighing more than 32 ounces..... | 9, 988, 236          |
| <b>Total.....</b>                                    | <b>738, 193, 289</b> |

There is a waste factor of approximately 15% in manufacturing cotton into cloth, so that from each 500 pound bale of cotton we get about 425 pounds of cloth. Therefore, dividing the total given above by 425, we find the equivalent number of bales of cotton to be 1,736,925.

If all of the burlap and burlap bags amounting to 655,759,114 pounds were replaced with cotton cloth and bags averaging 25% lighter in weight, there would be consumed 491,819,336 pounds. If the 82,434,175 pounds of bagging were replaced with cotton bagging running 12 ounces to the yard, there would be consumed 37,500,000 additional pounds, making a total of 529,319,366 pounds which, at the rate of 425 pounds of cloth to each 500 pound bale of cotton, would be 1,245,457 bales.

After making allowance for that portion of the product that could not reasonably be replaced with cotton, there should still remain a prospective additional cotton market for something over a million bales. This estimate does not include a single pound of raw jute or a single pound of jute yarn, twist, twine, or cordage, being based exclusively on the imports of jute cloth and bags made from such cloth.

Yours very truly,

LEAVELLE McCAMPBELL.

Before me, personally, came Leavelle McCampbell who under oath declared that the statement herewith presented is correct and true to the best of his knowledge and belief.

[SEAL.]

FRIEDA SCHERL,  
Notary Public, New York.

Commission expires March 30, 1931.

**STATEMENT OF MALCOLM B. STONE, REPRESENTING LUDLOW MANUFACTURING ASSOCIATES, LUDLOW, MASS.**

[Jute yarns, par. 1003; burlap, par. 1008; jute bags, par. 1018; Jute bagging, par. 1019; also including raw jute, par. 1683]

(The witness was duly sworn by Senator Greene.)

Mr. STONE. I represent Ludlow Manufacturing Associates, Ludlow, Mass.

Senator SACKETT. Where are you located?

Mr. STONE. The head offices of Ludlow Manufacturing Associates are in Boston. The business was started in the town of Ludlow, Mass., in 1848. We have plants at Ludlow and Andover, Mass.; a mill in Kentucky; one at Paterson, N. J.; a jute spinning mill at Allentown, Pa., and a bagging mill for making bagging, in Savannah, Ga. We also have a plant in India, and as that plant has been referred to in rather disparaging terms by the previous witness, I would like to tell you how we went over there. For many years our predecessors in Ludlow Manufacturing Associates came before Congress every time the tariff was up and asked that the bagging business, which is one of the oldest branches of the business, be given protection.

In 1913 we made a strong plea for it, but bagging was put on the free list. In the previous year we had started our own agency in India, for purchasing and dealing in jute for our own requirements. When bagging went on the free list in 1913, it became very apparent to some of us that we could expect no protection, and so after the war we enlarged our agency in Calcutta by the building of a mill for dealing in jute, and the manufacture of a part of our bagging business, about three-fourths of the jute, as well as the Hessian materials which are made and sold out there in India.

Our total investment in India does not represent more than 20 to 25 per cent of our total business. And I would like to state that so far as our foreign investment is concerned, I do not appear here and I do not ask for any consideration of this Congress on any part of our foreign investments. We took our chances in investing our money in foreign countries, and we do not say we are entitled to any consideration on that account.

I spoke of the Hessian mill in Calcutta. In 1917, when there was a scarcity of burlap in this country, the War Industries Board came to us and asked us if we could not help to remedy the shortage of Hessians in this country. And at their request we put down about 250 cotton looms for weaving burlap in this country. It has been stated by the witnesses here to-day that a great many of these idle cotton looms could weave burlap. Gentlemen, I tried it and got away with it at high expense for awhile, and found I had to stop every one of them. If Mr. McCampbell, or the others, want to try it, God bless them. Jute can not be spun in cotton looms, and, they will find, can not be woven.

Senator SACKETT. What are you making in your Georgia mill?

Mr. STONE. Bagging.

Senator SACKETT. Out of raw jute?

Mr. STONE. Out of raw jute.

Senator SACKETT. Out of raw jute imported here?

Mr. STONE. No; but we make practically all of that kind of bagging [indicating sample] that is made in this country.

Senator GEORGE. It is reused bagging?

Mr. STONE. Yes; we buy it and make this bagging for the use of the cotton farmer.

Senator GEORGE. You do not spin any yarn at all?

Mr. STONE. Only in the Ludlow mill.

You might be interested to know what that is [indicating sample]. That is only used as a covering for cotton. The farmer demands a heavy cloth to add to the weight of his bale. We can spin that in any weight that the farmer wants.

Senator SACKETT. Can you compete in that cloth in your Indian mills landed here?

Mr. STONE. Not quite, no; although it depends more on what the price butts is in Calcutta, because that is made out of waste of the jute.

Senator SACKETT. You can not weave any of these cloths in this country under the present duty?

Mr. STONE. No; the present duty is the same as 1909.

Senator GEORGE. You ask for an increase in that?

Mr. STONE. We are not.

Senator SACKETT. Would you like to go into the business of weaving here?

Mr. STONE. I am in it. Here is the Hessians [indicating samples].

Senator SACKETT. What is Hessians?

Mr. STONE. This cloth is known as burlap and Hessians all over the world. In America it is burlap. They are synonomous names. There are two weights.

Senator SACKETT. Where did you make this?

Mr. STONE. This was made in our Calcutta mill.

Senator SACKETT. Are there any made in this country?

Mr. STONE. There are none made in this country, and it would take a very high duty, I figure at least 75 per cent protection to induce anybody to make that in this country. It can be done, and I have hoped in the past it might be. But I think it would curtail the use of burlap, because the price would be so high.

Senator SACKETT. What would be the effect on the price per yard to put a duty on it?

Mr. STONE. I think the duty, to induce anybody to manufacture in this country, you would have to have what Mr. McCampbell asked in his brief in the House committee, of 10½ cents a pound.

Senator SACKETT. He asked for that in the very fine numbers?

Mr. STONE. No; on this here (indicating). It is here in his brief.

Senator SACKETT. What is this?

Mr. STONE. That is 8-inch, 40-ounce. And this is 10-inch, 40%. I was not able to catch what Mr. McCampbell is now asking for, but in the Ways and Means Committee you will find 10%, and the basis was 10 cents—

Senator SACKETT. He puts it this way: Five pounds and finer, 7 cents per pound, plus 1 cent per yard.

Mr. STONE. I have not seen that, sir, and I could not tell you exactly how that figures. I can state this, that I do not believe that anybody could manufacture jute burlaps in this country without a duty of 10½ cents a pound upon them, and I say that after an experience of weaving burlaps in this country for 20 or 30 years; and spinning jute yarns in this country for 50 or 60 years—my concern—and in the last 8 years, spinning burlaps in a large way in India.

Senator SACKETT. How many pounds are there in the covering—

Mr. STONE. Covering?

Senator SACKETT. That would not be used [indicating sample]?

Mr. STONE. That is a different material.

Senator SACKETT. These are largely bags?

Mr. STONE. These are largely bags, covering materials of all kinds.

Senator SACKETT. What would be the number of pounds used in a wheat bag?

Mr. STONE. I am not in the bag business; I do not make bags. I am estimating merely the number of pounds we bring into this country, which represent only a part of the manufacture, and he says we make 40 per cent profit, and I ask you if that is fair? That is only a part of our business.

Senator GEORGE. What proportion do you bring in?

Mr. STONE. Our business is jute yarns, flax yarns—two different types—and bagging.

Senator GEORGE. I know, but what proportion of your production in Calcutta do you bring into this country?

Mr. STONE. We sell practically all out there on the Calcutta market. Some of it comes over here, but only a small part of it;



a good deal of it comes to this country, but it may go to Australia, or England, or some other country.

Senator BINGHAM. What you make out there is not made for the American market?

Mr. STONE. It is not made for the American market; no, sir.

Senator BINGHAM. It is made for the whole world?

Mr. STONE. The bagging is made for the American market. And the Hessians are made for the world market. But simply dividing the bagging mills and the flax mills and the production in Calcutta by the jute we bring into this country is not a fair statement and does not reflect the profits of the business.

Another thing: Mr. McCampbell seems to think that the jute schedule is a very just one to the jute spinners, but he has not suggested why he does not go into the business. He says he wants to go into the weaving of jute, but why does not he go into the spinning of it, with the weaving so well protected, and the jute is not?

Senator SACKETT. What is your comment on the spinning?

Mr. STONE. My comment is that it is seemly to represent his own business.

Senator SACKETT. He said that. But what do you think of the schedule on spinning?

Mr. STONE. It is a very fair schedule; it is not protected on the finer yarns. When we went to Calcutta we went in the finer yarns to keep the employees engaged in that work. And it is the employees engaged in the coarser goods who are producing a profit, not on the finer goods; there is practically no profit in those. On the coarser goods the tariff is adequate.

But I might point out that some of my competitors in the jute business located in New Jersey, New York, Pennsylvania, Connecticut, Covington, Ky., and Ohio, have made but little in the way of profits, if I am accurately informed, and the competition has been severe, sir.

Senator GEORGE. They are just reworking, though, are they not?

Mr. STONE. No, sir; they are all spinning yarns. There has been very severe competition in the business, and there is to-day.

Senator GEORGE. Well, is that competition simply among the jute manufactures?

Mr. STONE. Among the jute manufactures.

Senator GEORGE. And not with any other product?

Mr. STONE. So that jute yarns are selling to-day well below the manufactured price placed on it, and the duty. The competition in this country is to regulate the price, and not the price of importation. And there has not been a whole lot of velvet in it for many years.

Senator GEORGE. What is your production at Savannah, Ga.?

Mr. STONE. This [indicating sample].

Senator BINGHAM. What do you call that?

Mr. STONE. Jute bagging for covering cotton.

Senator BINGHAM. That is what is called jute bagging for cotton?

Mr. STONE. That is jute bagging for cotton. That is what we make in our plant at Savannah, Ga. We started about a year ago.

Senator GEORGE. I merely asked the production there.

Mr. STONE. The production will be about 3,500,000 or 4,000,000 yards of bagging.

Senator SACKETT. Now, you make some bags too, do you?

Mr. STONE. We make bags in Calcutta; yes, sir.

Senator SACKETT. Do you sell them in this country?

Mr. STONE. No; we do not sell any in this country.

Senator SACKETT. Are any of your bags brought to this country?

Mr. STONE. Not that I know of. I do not know of any.

One witness this morning stated that there was no cotton exported from the United States to India. I think if you will refer to the Government figures you will find that in the year 1927 there were some 261,000 bales of cotton exported directly to India; and the same year England and Japan exported 1,100,000,000 yards of goods made out of American cotton.

Senator GEORGE. What kind of cotton is exported to India?

Mr. STONE. I can not give you the grades. I think it is a long staple.

Senator GEORGE. What cotton is it?

Mr. STONE. I think it is Texas cotton. I can not be sure without the census figures.

I would like just to call your attention to certain facts in connection with this jute paragraph.

Jute and jute butts have been on the free list since the tariff act of 1890. Jute is grown and can be grown successfully only in India. Jute yarns are produced in the United States and the duty upon jute yarns has been and is a protective duty. Burlap is a woven jute product and is not made in the United States. It is used as the wrapping material for practically every agricultural crop except cotton. Cotton is covered with that [indicating sample]. Burlap was on the free list in the tariffs of 1894 and 1913. In the tariffs of 1897 and 1909 there was a duty for revenue only of approximately 1½ cents per pound. The revenue act of 1922 the duty is 1 cent per pound. Burlap bags are made in the United States of imported burlap. The duty upon bags is protective. The bagging for covering raw cotton, which I have already referred to here [indicating sample], and I have referred also to the tariffs of 1894 and 1913, that being on the free list, and that was the reason for our removing to India.

Senator SACKETT. Now, where did you move your machinery from?

Mr. STONE. From Ludlow, Mass., where we were located for some 30 years.

Senator SACKETT. How many men did you have employed there?

Mr. STONE. Men and women together, some 250 or 300.

Senator SACKETT. Were any other mills moved at the same time?

Mr. STONE. Shortly after that the American Manufacturing Co. built a mill over there, too.

Senator SACKETT. How many people did they employ?

Mr. STONE. I could not be sure of that.

Senator SACKETT. About the same number as you did?

Mr. STONE. About the same number we did; I think a few more.

Senator SACKETT. Are those the only ones that have gone across?

Mr. STONE. Those are the only manufacturers that I know of for covering and bagging that have gone to India.

Senator SACKETT. All right.

Mr. STONE. Bagging for covering raw cotton is a very coarsely woven product made of the coarse ends of the jute plant. New jute bagging is almost entirely made in India. Domestic bagging

is produced from fibers derived from old bagging with some new fiber added. In the tariffs of 1894 and 1913 bagging for covering raw cotton was on the free list. The present duty of six-tenths of 1 cent per square yard has been in the tariffs of 1897, 1909, and 1922. Certain manufacturers of coarse cotton fabrics are advocating the removal of raw jute from the free list and drastic increases in the duties on jute products, contending that the result of these duties would be to substitute cotton for many of the jute products now used.

We claim that the contention is perfectly absurd. At the most 400,000 bales out of a cotton crop of 16,000,000 bales might be utilized. The total cost of 400,000 bales would be \$36,000,000. The cost of these duties to the United States would be approximately \$65,000,000, of which \$42,000,000 would be borne by agriculture. It would put a tariff on the users of jute products of \$65,000,000, and as I have said, \$42,000,000 of this to be borne by agriculture, for the sake of an increase of \$36,000,000.

Senator GEORGE. But would not 400,000 bales taken out of America affect the price of the whole crop?

Mr. STONE. I think it would, except that cotton would be reused and probably demoralize the market for waste. And it would probably square itself in the end. I doubt it.

Senator GEORGE. I do not think you ought to make that statement. All of us who deal in cotton have seen cotton go up 2 cents on a report that would indicate a shortage, and a reverse effect on a report of the replacement of 400,000 bales of cotton. Four hundred thousand bales of cotton would affect the entire cotton crop. You have not taken that into account in those figures at all. You have simply figured the raw cotton actually used.

Mr. STONE. I suppose that is a matter of opinion.

Senator GEORGE. No; it is not a matter of opinion. If you have sold any cotton and watched the cotton drop 2 cents a pound in one day on a report that would not indicate a shifting of more than that number of bales of cotton, you know it is not a matter of opinion.

Senator BINGHAM. Senator, I do not know anything about cotton, but it does not all sell at one price, does it? Does it not sell for different prices? It is not all one grade?

Senator GEORGE. No; it is in different grades.

Senator BINGHAM. Do they all go together?

Senator GEORGE. There is a differential. They are supposed to go together. They do not go together. But 400,000 bales taken out would affect the entire crop; a small crop more than a large crop, that is true, but it is bound to affect the price. The point I was making is that you are estimating the cotton consumed. You are figuring the consumption.

Mr. STONE. Yes, sir.

Senator GEORGE. That is not the point. If that were all, a fair statement might be that you might increase your production as much as the consumption and, therefore, it would not affect the status of the industry at all. But if that much cotton were used in a new usage, thereby affecting that much of your supply, you would be bound to affect the market price somewhat.

Mr. STONE. I think you are probably right.

Senator GEORGE. Yes.

Senator BINGHAM. I do not think there is any question about that.

Senator GEORGE. I was only calling his attention to that.

Mr. STONE. We estimate the added cost of this would fall about \$6,000,000 on the users of jute yarns, principally the cotton industry; upon agriculture as follows: Upon the cotton producers, \$7,420,000; upon the farmers in the North and Northwest, for burlap bags for feed, fertilizer bags, wheat, potatoes, and so forth, \$35,200,000; upon the wholesale grocery trade, the textile trade, and so forth, \$16,000,000.

I just want to touch on another point, and that is the possible danger of these duties, if they were levied on the principal industry of India, a country which consumes more cotton—

Senator GEORGE. Just one question: The cotton would not be exchangeable with jute for a basis for carpet, linoleum, and so on?

Mr. STONE. In my opinion, not at all.

Senator GEORGE. I am asking for information, and I have some difficulty in learning the facts. I was wondering if it would make a good base for carpets and linoleums?

Mr. STONE. I am not a manufacturer of linoleums or carpets, but I have heard of many manufacturers who have tried to use cotton as a base, and could not. The principal reason in both cases is that the stretch is so much greater than in jute that the material can not be used.

Senator GEORGE. That statement seems reasonable to me, that it could not be used for that particular purpose.

Mr. STONE. I want to call attention to the danger of levying the proposed duties on jute and jute products. Jute and jute products account for the whole balance of trade in India, and almost all of that comes from one Province, Bengal.

Senator BINGHAM. Is it so much greater than cotton?

Mr. STONE. Much greater, the export from India. India, in 1927—

Senator SACKETT. Why should we worry about India?

Mr. STONE. We should not worry at all, only they are the biggest customers for American cotton, and I wonder whether it is worth considering.

Senator SACKETT. You say they are the biggest customers for American cotton?

Mr. STONE. India is the biggest customer for American cotton.

Senator SACKETT. You mean in manufactured goods?

Mr. STONE. Manufactured goods, largely shipped to Lancashire, and then shipped out to India. I would like to read you—

Senator BINGHAM. Just a minute. The amount of manufactured cotton used in India is rather large, and you believe it is so large that, although most of it comes from Lancashire, it is actually American cotton?

Mr. STONE. I think I can show you commerce reports that tell you that.

Senator BINGHAM. Therefore, your argument is that the efforts of the cotton growers to increase their market, by shutting off the market for jute in India, would tend to endanger the market for their own product from the Lancashire mills; is that it?

Mr. STONE. I think it is an inevitable conclusion to be drawn.

Senator BINGHAM. That is a little remote.

Mr. STONE. May I read you one or two extracts?

Senator BINGHAM. Proceed.

Mr. STONE. The Department of Commerce stated in 1918:

WORLD'S GREATEST MARKET FOR COTTON GOODS

British India greatly exceeds any other country in the world in the value of cotton manufactures imported from foreign countries. The imports into China reached their highest point in the calendar year 1913, when they were valued at \$133,165,887. India's imports of cotton manufactures in the fiscal year ended March 31, 1914, were valued at the new sum of \$215,069,915. Roughly, British India takes about 20 per cent of the total cotton goods exported by all of the cotton-manufacturing countries of the world. The value of the annual imports of cotton piece goods into the port of Calcutta alone exceeds the imports of goods into any single country in the world.

That is from Department of Commerce Cotton Goods in British India, Part V, 1918, page 17.

Senator SACKETT. Is that from your brief before the Ways and Means Committee?

Mr. STONE. Some of these figures were in there and some were not.

Senator SACKETT. I hope you will not duplicate any more than you can help, on account of the print.

Mr. STONE. The Department of Commerce goes further in reference to the purchase of cotton. The cotton yarn, piece goods, and sewing thread imported into India represent approximately 876,481 bales of cotton containing 475 pounds of cotton per bale.

Senator SACKETT. One question: They raise a great deal of cotton in India?

Mr. STONE. They raise nearly 5,000,000 bales.

Senator SACKETT. Do they use it all there?

Mr. STONE. No; they use a great deal, and export some.

Senator SACKETT. Where to?

Mr. STONE. To Lancashire.

Senator SACKETT. Is not some of it Indian cotton that is manufactured there?

Mr. STONE. Yes, sir.

Senator SACKETT. You would not have us believe this whole amount you mentioned was American cotton?

Mr. STONE. My estimate takes that into account.

Senator SACKETT. You took that into account?

Mr. STONE. Yes; I took that into account.

Senator SACKETT. I thought you gave us the imports into India of cotton goods.

Mr. STONE. Of cotton piece goods.

Senator SACKETT. Much of it may be Indian cotton?

Mr. STONE. Indian cotton going to Lancashire is rarely spun into cloth and sent back again.

Senator SACKETT. What is it spun into?

Mr. STONE. Spun into special goods, and it goes back in that form. I can not guarantee that none of it is piece goods.

Senator BINGHAM. That is rather a remote argument. I wish you could conclude your remarks, as it is getting rather late, and we hope to adjourn very soon.

Mr. STONE. The Department of Commerce states this:

Thus, the ability of the people in far-away India and China to purchase cotton textiles from England is linked in a very intimate way with the fortunes of the cotton grower in our Southern States.

Senator GEORGE. You are making an argument for foreign commerce?

Mr. STONE. May I have permission to file my brief on that subject?

Senator GREENE. Yes.

Senator GEORGE. Does your brief show the imports from India into the United States?

Mr. STONE. Yes; it covers it.

Senator GEORGE. What are our exports to India?

Mr. STONE. Of all commodities of cotton?

Senator GEORGE. Yes.

Mr. STONE. I am afraid I can not tell you that.

Senator GEORGE. Well, whatever purchasing power in India was disturbed, as applied to our exports, you would not charge it all to cotton.

Mr. STONE. No; although our exports to India are considerably less than out of India. Our stock in trade—

Senator GEORGE. There is a large balance in favor of India?

Mr. STONE. Yes; there is a large balance in favor of India. Our exports are considerably less than our imports. I have not got those figures.

Senator GEORGE. What I wanted is what those exports consisted of.

Mr. STONE. Oils are a considerable export, and machinery is bulking very large now.

(Mr. Stone submitted the following brief:)

BRIEF OF THE LUDLOW MANUFACTURING ASSOCIATES, LUDLOW, MASS.

#### THE TRUTH ABOUT JUTE

##### FOREWORD

Farm relief in the United States presents a problem that engages the attention of those who believe in fair play for all communities. The need for a just solution is evident, but some of the proposals put forward actually work to the farmer's detriment because they neglect, ignore, or misrepresent the ultimate effect of their policies.

One such proposal, dealing with a great agricultural commodity—cotton—has recently received wide publicity. On the surface it might seem to offer relief from the effect of an oversupply of low-grade cotton and at the same time give promise of a greater use of that fiber. In effect, however, it would place additional burdens on farmers in general, cripple an old, efficient, and well-established industry in this country, and finally open up a strong possibility of interference with our greatest export—cotton itself.

##### THE PROPOSAL

The proposal, set out specifically in *The Rising Tide of Jute*, by Mr. Leavelle McCampbell, is that prohibitive duties shall be assessed on jute and all its products—i. e., that jute, now on the free list, be assessed 3 cents per pound; that the existing duties on jute yarns be increased by 3 cents per pound; that the existing duty of six-tenths cent per square yard on bagging (equivalent to three-fourths cent per running yard, 45 inches wide) be increased to 4½ cents per pound, or 9 cents per running yard; and, finally, that the duty on burlap, which is now 1 cent per pound, be increased on the great bulk of the imports to 10½ cents per pound.

This proposal was argued before the Ways and Means Committee of the House of Representatives on February 4, 1929. It was claimed that the duties suggested would result in an immediate demand annually for 1,000,000 bales of cotton and for the consequent cultivation of 3,000,000 acres of land. However, in actual fact the measures advocated could not possibly increase the domestic demand for cotton by more than 400,000 bales, the total value of which would be about \$36,000,000. The additional cost to the whole community would be about \$65,000,000, and of this burden \$42,000,000 would fall squarely on the agriculturists' shoulders. But even more important than the tremendous cost of this

relatively small increase in the domestic consumption of cotton is the fact that these duties would go far to reduce by upwards of a million bales our exports of cotton and to imperil the price of cotton in the world market.

#### JUTE—ITS PRODUCTS AND THEIR USES

Jute is a bast fiber extracted from a plant grown only in one restricted area in India. For 75 years it has been used for covering the world's agricultural produce, because it provides the cheapest and most efficient wrapping material known.

About 900,000,000 pounds of jute, in various forms from the raw material to the woven fabrics, are imported into the United States each year. Of this total, 60 per cent, or 540,000,000 pounds, is purchased directly by the farmers of this country. It goes to them either in the form of fertilizer, feed, and binder twine bags, or as bags and bagging in which to ship their products—wheat, wool, flour, corn, bran, oats, peanuts, sugar, vegetables, nursery stock, and cotton. The remaining 40 per cent is taken by wholesale grocers, textile and carpet manufacturers, upholsterers, the electrical trade and the multitude of users of twine.

#### THE PROPOSED DUTIES WILL NOT STIMULATE JUTE GROWING IN THE UNITED STATES

Jute is not grown and can not be grown commercially in the United States. The four major conditions for the proper growth of jute are not found together in any section of this country on a scale large enough to justify a commercial attempt to produce the fiber.

To grow jute successfully there are required, first, a rich, alluvial soil; second, a subtropical climate; third, excessive rain during the growing period; and fourth, a large number of pools of stagnant, tepid water immediately adjacent to the place of cultivation for the purpose of retting (rotting) the plant to separate the fiber from the stalk. These requirements are found in Bengal alone. There during the growing period the average temperature is 95°. When the monsoon winds begin to blow there is a heavy precipitation during this growing period which floods vast areas of the Bengal plain. By the time the crop is ready for harvesting the land is largely covered with water and the crop can be retted near the spot where it has been grown. Since the plant contains six times the weight of its fiber yield, this is essential. The cost of transporting the crop long distances for retting would be prohibitive.

The fact that these four conditions do not co-exist in any section of this country means that no tariff upon raw jute—even a duty of three times the 3 cents per pound which has been advocated—will have the slightest tendency to bring about the cultivation of jute in this country. Not an acre of land in the United States will be used for this purpose. Not a single farmer will raise a single pound of it no matter what duty is imposed. He can not do it because nature has denied him the necessary conditions.

#### JUTE IS ACTUALLY A CHEAP FIBER

Jute is basically a low-cost fiber and does not owe its cheapness to the fact that it is produced by the "pauper labor" of India. The proof is simple. India, which grows jute, also grows cotton—approximately 5,000,000 bales annually. The cost of this Indian cotton, grown in the same country and with the same type of labor as jute, is twice the cost of jute.

Jute is, then, a fiber which, even under similar conditions, can be produced at a lower cost than cotton. Its cheapness and natural qualities make it preeminently suitable for the wrapping of agricultural commodities. If the use of jute is suppressed for the supposed benefit of a fiber which costs twice as much under the same circumstances of production, the sufferers will be the agriculturists of the United States.

#### JUTE IS NOT A SERIOUS COMPETITOR OF COTTON

From 1905 to 1927 the increase in the imports into this country of jute and jute products was 57 per cent. In the same period the domestic consumption of raw cotton increased by 68 per cent, while the exports of cotton manufactures from this country increased by 168 per cent in value. At the present time the imports of jute and jute products amount to only one-eighth of the raw cotton production of this country.

Here are the figures:

In the five years 1923-1927 jute and jute products have been imported into the United States in the following amounts and forms:

[From United States Department of Commerce]

| Year                   | Jute and jute butts | Jute yarns    | Jute bagging  | Jute burlap and cloth | Jute bags and sacks | Total         |
|------------------------|---------------------|---------------|---------------|-----------------------|---------------------|---------------|
|                        | <i>Pounds</i>       | <i>Pounds</i> | <i>Pounds</i> | <i>Pounds</i>         | <i>Pounds</i>       | <i>Pounds</i> |
| 1923.....              | 188,112,960         | 8,536,236     | 43,907,135    | 601,987,594           | 35,092,655          | 877,636,580   |
| 1924.....              | 152,104,760         | 4,708,970     | 64,580,227    | 512,032,745           | 31,632,358          | 764,959,060   |
| 1925.....              | 144,482,240         | 1,237,102     | 65,898,339    | 623,407,415           | 46,891,165          | 881,916,261   |
| 1926.....              | 154,029,120         | 1,807,141     | 97,167,066    | 600,564,344           | 41,638,529          | 895,206,100   |
| 1927.....              | 207,017,600         | 2,980,842     | 87,317,216    | 571,055,846           | 37,485,815          | 905,857,319   |
| Total for 5 years..... |                     |               |               |                       |                     | 4,325,575,320 |

In the same period the United States production and domestic consumption of cotton have been as follows:

[Figures from National Association of Cotton Manufacturers' Year Book]

|                        | Raw cotton production | Domestic consumption |
|------------------------|-----------------------|----------------------|
|                        | <i>Pounds</i>         | <i>Pounds</i>        |
| 1923.....              | 5,404,000,000         | 3,333,000,000        |
| 1924.....              | 7,244,000,000         | 2,840,500,000        |
| 1925.....              | 8,609,000,000         | 3,046,500,000        |
| 1926.....              | 9,568,500,000         | 3,228,000,000        |
| 1927.....              | 6,477,500,000         | 3,595,000,000        |
| Total for 5 years..... | 37,303,000,000        | 16,043,000,000       |

From these figures it is seen that the total imports of jute and its products in the five-year period 1923-1927 were 11.6 per cent of the raw cotton production of the United States, and were 27 per cent of the domestic consumption.

COTTON IS NOT A SUBSTITUTE FOR JUTE

Nearly all the jute imported into the United States is used in three general forms:

|  | Per cent |
|--|----------|
| 1. As yarn and twine.....  | 23       |
| 2. As bagging for raw cotton.....  | 10       |
| 3. As burlap bags and sacks, a small quantity as burlap wrapping not in the form of bags, and as linoleum backing..... | 67       |

1. *Jute yarns and twines.*—All the long jute imported into the United States is manufactured here into yarns and twines. The jute butts are used in about equal quantities in making coarse twines, in making paper, and in mixing with old bagging to make re woven bagging for covering raw cotton.

Each year approximately 191,000,000 pounds of jute fiber are imported into the United States and made into yarn and twine. To this must be added an average of 4,000,000 pounds of yarn imported. This amount of yarn and twine is consumed as follows:

|                  | Amount        | Uses   |
|------------------|---------------|--|
|                  | <i>Pounds</i> |  |
| Jute yarns.....  | 80,000,000    | Consumed in the carpet industry.                         |
| Jute twines..... | 100,000,000   | Consumed for tying packages.                             |
| Jute yarn.....   | 5,000,000     | Consumed by electric cable industry as filler for cable. |
| Jute fiber.....  | 10,000,000    | Consumed as packing for water pipes.                     |
| Total.....       | 195,000,000   |  |



Cotton would not be substituted for jute carpet yarns. Jute carpet yarns are used instead of cotton because they hold starch much better than cotton does and do not stretch or shrink. As a result, a carpet backed with jute will hold its shape and remain stiff and flat on the floor. Furthermore, jute carpet yarns are now selling for 15 cents a pound. A duty of 3 cents a pound on jute would raise the price of 18½ cents a pound. Cotton yarns of the size which would have to be used—if any could be used—are now selling at 30 cents a pound. Obviously there would be no substitution of cotton here.

Sisal and henequen and not cotton would be substituted for jute twines. A duty of 3 cents a pound on jute would put the American jute twine industry out of business. But that business would not go to cotton. Already fine twines are almost entirely made of cotton. But for coarse, strong twines the cost which comes with the added weight makes cotton prohibitive in price.

If jute were eliminated the coarse twines would be made of the hard and semi-hard fibers, sisal, and henequen with some manila and istle. These fibers now come in free, the first two from Mexico, East Africa, the Bahamas and Java, and it is safe to say that they will remain on the free list because they are the fibers from which binder twine is made and no cotton spinner dares to attack them.

It is quite clear then that a duty on jute will not lead to the use of a single additional bale of cotton for twine.

Cotton would not be substituted for jute as filler for electric cables or as packing for water pipes. A duty of 3 cents a pound on raw jute would not lead to the use of cotton in the place of a single pound of the 5,000,000 pounds of jute yarns now used as filler for electric cable or the 10,000,000 pounds of jute fiber now used as packing for water pipes. Cotton is not suitable for these purposes, because it is neither as durable as jute, nor is it a satisfactory matrix for waterproof compounds. There might, however, be a considerable substitution of sisal and the hard fibers.

It is, therefore, a fact that a tax of 3 cents on raw jute would not result in the substitution of a single pound of cotton for the jute now imported in the form of raw jute and jute yarns. Sisal and other imported hard fibers alone would be substituted for about one half of it. The cost of such a tariff—which would benefit no one—to the users of jute yarn and twines would be approximately \$6,000,000.

2. *Jute bagging for covering raw cotton.*—In 1926, according to a report of the Secretary of Agriculture, the cotton crop was covered with the following materials:

|                                | Running yards        |
|--------------------------------|----------------------|
| New 2-pound jute bagging ..... | 62, 288, 000         |
| Sugar bag cloth .....          | 24, 001, 420         |
| Secondhand bagging .....       | 6, 156, 896          |
| Rewoven bagging .....          | 13, 239, 653         |
| <b>Total.</b> .....            | <b>105, 685, 969</b> |

Approximately 6 running yards of bagging, 45 inches wide, are used on a bale.

In the season just past these types of bagging sold for 11, 9, and 9½ cents per linear yard, respectively.

The Department of Agriculture has reported (Cotton Bagging for Cotton, 1928) that a bagging made from low-grade cotton and weighing 12 ounces per yard, 45 inches wide, can not be sold for less than 20 cents per yard at present prices for cotton.

The southern farmer has always contended that jute bagging represented to him what binder twine represented to the wheat farmer, and that it should be on the free list. In the tariff of 1913 it was put on the free list, with the result that the manufacture of new jute bagging moved to India. The imposition of a duty of six-tenths cent per yard in the tariff act of 1922 did not alter this situation.

Rewoven bagging, however, is made in this country, while secondhand bagging and bagging made from sugar bags (which are a waste product of the sugar refineries) are naturally available here.

It is now proposed that a duty of 9 cents a yard be put upon new jute bagging. This would raise its cost to 20 cents, on a par with that of cotton bagging, and would greatly reduce, if not eliminate, its use.

But sugar bag cloth would still be used because it could always be obtained for less than cotton bagging. There would also be bagging manufactured from waste materials of all sorts.

But assuming that except for sugar-bag all cloth bagging would be made of cotton even then less than 100,000 bales<sup>1</sup> of cotton would be used per year and the additional cost to the cotton farmer would be \$7,420,000 per year.

These 100,000 bales of low-grade cotton would not be worth more than \$75 a bale, or \$7,500,000 for the whole supply. The extra cost of bagging to the cotton farmer will be at least 9 cents a yard on new bagging. Even assuming that the use of some sugar bag cloth and reclaimed cotton bagging reduces this extra cost to an average of 7 cents a yard, the total increase cost on 106,000,000 yards will be \$7,420,000.

The sole result of the proposed duties on bagging will be to take \$7,420,000 from cotton farmers in general and to give it to those who will grow the low-grade cotton and those manufacturers who can spin it.

3. *Burlap and jute cloths and bags.*—There are imported into the United States from India each year approximately 1,000,000,000 yards of jute cloth—almost entirely burlaps—which weigh approximately 600,000,000 pounds. The Tariff Commission states (*Jute Cloths, 1922, p. 34*) that over 80 per cent of this burlap is manufactured into bags in this country. In addition, approximately 40,000,000 pounds of bags are imported at Pacific coast ports and are there used to contain wheat.

These burlaps and burlap bags, according to figures supplied by two of the country's leading bag manufacturers, are consumed in the United States approximately as follows:

| Used by Agriculture:   | Pounds               |
|--|----------------------|
| Mill feeds.....  | 175, 000, 000        |
| Fertilizer bags.....   | 75, 000, 000         |
| Wheat (Pacific coast).....   | 40, 000, 000         |
| Flour for export.....  | 36, 000, 000         |
| Dairy feed.....  | 25, 000, 000         |
| Potatoes.....  | 30, 000, 000         |
| Alfalfa, barley, beans, beet pulp, cottonseeds, rice, and wool.... | 59, 000, 000         |
| <b>Total.....</b>  | <b>440, 000, 000</b> |
| Used by wholesale-grocery trade.....                               | 50, 000, 000         |
| Used by textile trade, as wrapping material.....                   | 75, 000, 000         |
| For upholstery, general domestic, and other uses.....              | 75, 000, 000         |
| <b>Total, new burlap and burlap bags.....</b>                      | <b>640, 000, 000</b> |

In addition to the new jute bags used each year the Tariff Commission estimates that about 500,000,000 secondhand burlaps bags are in use in the United States. (*Bags of Jute and Cotton, 1923, p. 3.*) The secondhand bags are chiefly used in agriculture.

TESTIMONY OF THE TARIFF COMMISSION

Cotton and burlap bags are not competitive products, except to a very small degree. They are naturally adapted to different uses. The Tariff Commission says of this (*Bags of Cotton and Jute, 1923; Jute Cloth, 1922*):

"Burlap bags are superior to cotton bags for shipping rough commodities requiring strength. Burlap is cheaper, does not rip when snagged, and does not stain easily. Cotton bags are, on the other hand, superior for finely ground products. They give off less lint than burlap and they take the imprint of trade-marks more readily. Under normal conditions there is little competition between the two. Only when the price of one is much higher than that of the other is substitution likely to occur."

\* \* \* \* \*

"No domestic product serves as a satisfactory substitute for burlaps. Cotton cloth is its nearest competitor. Its substitution is limited because burlap possesses a strength which can not be obtained in cotton cloth except at a price much higher than that commonly asked for burlap. Burlap and cotton cloths are each so particularly adapted for certain purposes—burlap for sacking com-

<sup>1</sup> In 1923, a large crop year, 106,000,000 yards of bagging were used to cover the crop. Eliminating 24,000,000 yards of sugar-bag cloth leaves 82,000,000 yards to be made of cotton. At 12 ounces per yard this amounts to 61,000,000 pounds or 122,000 bales of cotton. But this does not make any allowance for reclaimed cotton bagging which the Department of Agriculture estimates might be 40 per cent of the new bagging used the preceding year. It is safe to say, therefore, that not more than 100,000 bales of low-grade cotton would be used each year for cotton bagging.

modities that demand strength of texture rather than closeness of weave, and cotton for sacking pulverized and ground products—that substitution is limited and confined to periods when the price of one is abnormally high in terms of the other.”

\* \* \* \* \*

“Burlap bags are cheaper, and because of their greater strength are superior to cotton bags for sacking heavy commodities such as grain, produce, fertilizer, and other rough and bulky commodities. Burlap bags are inferior to cotton bags (1) for small packages; (2) for purposes where possibly the lint of the burlap might affect the contents, such as foodstuffs; (3) where a close-woven fabric is required, as for sacking flour, and (4) where the bag is to receive an elaborate trade-mark.”

Practically all the burlap used in the United States is made of yarn averaging between 5 and 10 pounds. This burlap weighs from 7½ to 12 ounces per yard 40 inches wide. An average selling price in the United States is 8½ cents per yard.

It is proposed to tax this burlap 6½ cents per yard. If such a tax were imposed the use of burlap and burlap bags would be greatly reduced. But there is no substitute for burlap for sacking very heavy commodities, and taking into consideration the fall in the price of burlap which would accompany such a drastic reduction in its use, probably 25 per cent of the burlap now imported would still be imported. This would be 160,000,000 pounds, or 250,000,000 yards, upon which the purchasers would have to pay an additional tax of \$16,250,000.

It is conservatively estimated that at least one-half of the remaining burlap would be superseded by paper, paper bags, and by bags made from old burlap and waste. Paper bags have already superseded both cotton and jute in the flour and cement businesses.

It is fair to say, therefore, that no more than 240,000,000 pounds of burlap would be replaced by cotton.

If cotton is to compete with burlap even when these duties are imposed, cotton cloth weighing no more than 6½ ounces to the yard will have to be used. Only three-fifths of a pound of cotton, therefore, will be required to replace each pound of jute. This will call for 144,000,000 pounds or 288,000 bales of cotton, and this is the total increase in the domestic use of American cotton which can be expected to accrue from the proposed duties on burlap. At \$100 per bale—a fair price for cotton of the grade required—the value of these 288,000 bales will be \$28,800,000.

Agricultural users call yearly for 440,000,000 pounds or 704,000,000 yards of burlap in the form of bags. The duty proposed means an addition of 5½ cents per yard to the cost of these burlaps. What does this mean to the cost of bags? A typical wheat bag takes 1½ yards of burlap and holds 2 bushels. The extra cost of these duties will, therefore, be 8 cents per bag, or 4 cents per bushel on the wheat which the bag will hold. Other cases can be cited to show that the increased cost from using cotton bags will run to 9 cents per bushel on the contents of the bag.

It may be argued that the whole of the duty will not be passed on to the bag user and that the cotton manufacturer will be able to supply him more cheaply than these figures indicate. If this is the case, why have the proponents demanded such heavy duties on the burlap which they wish to suppress? It is clear that if the duties proposed are those necessary to give the cotton manufacturer his chance he will have to pass practically the whole burden along to the consumer; in other words, to the farmer. Estimating conservatively even if only 5 cents out of the 5½ cents per yard increase are passed on, the extra cost of the 704,000,000 yards of bag material used by agriculture will be \$35,200,000, or one and one-fourth times the total value of all the cotton which might be substituted.

#### WHO PAYS FOR THE DUTIES?

We have seen that the duties proposed would cut the imports of jute and jute products into the United States from 900,000,000 to between 250,000,000 and 300,000,000 pounds a year; that sisal and other hard fibers (all imported) would be substituted for jute in twines and that paper would take the place of about three-eighths of the burlaps now used; and that the increase in the demand for cotton would be less than 400,000 bales, worth at most about \$36,300,000.

The cost to the cotton farmer alone would be \$7,420,000 for bagging for his cotton bales. The cost to the farming community in general would be \$35,200,000 for burlap or inferior substitutes. The total direct cost to agriculture would be

\$42,620,000. The other users of burlaps—the wholesale grocers, the textile trades, the upholstery trade and so on—would be mulcted of \$16,000,000. Finally the buyers of carpets and twine and other users of jute yarns would pay a bill of around \$6,000,000.

The total cost to the people of the United States would, therefore, be \$64,620,000 or nearly double the value of all the cotton which might in the most liberal view be substituted for jute.

But this is by no means all the cost of this misguided plan. For not even the cotton growers would profit by it. On the contrary, perhaps the most serious dangers of all are those with which the cotton growers themselves would be faced.

#### THE GRAVER DANGER

There is a grave danger that the enactment of these duties will go far to destroy the export trade in American cotton, which is more than one-sixth of the entire export trade of the country, and which amounts to over 7,000,000 bales a year. (For the five years 1923-27 the average yearly exports were 7,826,000 bales.)

Jute and jute products are the principal exports of India. Over 99 per cent of these come from Bengal. The value of these exports is more than one and a half times the favorable balance of trade of India. The United States is by far the chief purchaser of these commodities, the value of its purchases being approximately twice as large as those of any other country.

India is the world's greatest importer of cotton goods. It is the principal customer of Great Britain and Japan, which are the largest<sup>2</sup> and third largest importers of American raw cotton, taking together in 1927 one-third of this country's total exports of raw cotton. Bengal takes 40 per cent of the cotton goods imported into India.

India is to-day second only to the United States as a producer of raw cotton. Among Indian exports cotton and its products are second only to jute and its products.

These statements and their implications may well cause the proponents of prohibitive duties upon jute and its products to pause and examine carefully the effect of such a step upon the production of cotton in the United States.

#### THE UNITED STATES AND THE INDIAN JUTE INDUSTRY

The favorable balance of trade of India at the end of 1927 was \$184,398,000. (Sea-Borne Trade and Navigation of British India for the Calendar Year 1927, p. 7.)<sup>3</sup>

Exports of jute and jute products in 1927 from India amounted to \$305,644,564.69 (id. p. 113), of which Bengal produced \$305,209,876.33. The total exports of Bengal in 1927 amounted to \$530,199,000 (id. p. 3). The total exports of India amounted to \$1,158,051,925 (id. p. 6). Thus the jute industry accounted for 57.5 per cent of the exports of Bengal and 26 per cent of the exports of all India.

"The chief industry of the Presidency (of Bengal) is the manufacture of jute \* \* \*

"Cotton manufacturing ranks second in importance, but it is not carried on as extensively as in the Bombay and Madras Presidencies." (Cotton Goods in British India, Part II, 1917, Bureau of Foreign and Domestic Commerce, pp. 7, 8.)

The total value of jute and jute manufactures imported in the United States in 1927 was \$90,067,308. (Foreign Commerce and Navigation of the United States for the Calendar Year 1927, p. 470.) Not all of these products imported into the United States came directly from India (products valued at \$79,376,139.74 came direct, Sea-Borne Trade of British India, 1927, pp. 110-113), but since all jute originates in India it is conservative to state that the United States consumes from one-quarter to one-third of the jute exported from India.

This statement, however, underestimates the importance of the United States to the Indian jute industry. The chief product of jute is burlap or gunny cloth. The United States purchased 63 per cent of all burlap exported from India in

<sup>2</sup> Figures for exports to Germany, the second largest customer, include cotton exported to the free ports of Hamburg and Bremen and reexported to central European countries. (International Trade in Cotton, 1925, pp. 34-35.)

<sup>3</sup> The amounts given in rupees have been converted on the basis of \$0.365 per rupee in accordance with the certificate of the Secretary of the Treasury, dated Jan. 1, 1929, given in accordance with sec. 25 of the act of Aug. 27, 1894, as amended.

1927, 66 per cent in 1926, and 70 per cent in 1925. (Sea-Borne Trade of British India, 1927, p. 113.)

The next largest purchaser of jute and jute products in 1927 was Great Britain, whose purchases amounted to \$40,372,129.15, about one-half of the amount of the direct purchases of the United States.

#### INDIA THE WORLD'S GREATEST MARKET FOR COTTON GOODS

In 1927 India imported cotton and cotton goods valued at \$266,192,016.91. (Sea-Borne Trade of British India, 1927, p. 70.)

Referring to the Indian market for cotton goods the Department of Commerce stated in 1918:

*"World's greatest market for cotton goods.*—British India greatly exceeds any other country in the world in the value of cotton manufactures imported from foreign countries. The imports into China reached their highest point in the calendar year 1913, when they were valued at \$133,165,887. India's imports of cotton manufactures in the fiscal year ended March 31, 1914, were valued at the huge sum of \$215,096,915. Roughly, British India takes about 20 per cent of the total cotton goods exported by all of the cotton manufacturing countries of the world. The value of the annual imports of cotton piece goods into the port of Calcutta alone exceeds the imports of piece goods into any single country in the world." (Department of Commerce, Cotton Goods in British India, Part V, 1918, p. 17.)

India's principal sources of manufactured cotton goods are the United Kingdom and Japan. In 1927 the imports of cotton yarn, cotton piece goods, and cotton sewing thread into India were as follows:

[From Sea-Borne Trade of British India, 1927, pp. 65-70]

|                          | Cotton yarn and twist | Cotton piece goods | Cotton sewing thread |
|--------------------------|-----------------------|--------------------|----------------------|
|                          | <i>Pounds</i>         | <i>Yards</i>       | <i>Pounds</i>        |
| United Kingdom.....      | 20,740,682            | 1,532,479,616      | 1,972,905            |
| Japan.....               | 22,528,229            | 331,563,366        | 414,389              |
| All other countries..... | 13,374,381            | 101,096,366        |                      |
| Total.....               | 56,643,292            | 1,965,139,348      | 2,387,294            |

The United Kingdom and Japan are the largest and third largest customers, respectively, for American raw cotton. Their purchases for the years 1925-1927 were as follows:

|  | 1925      | 1926      | 1927      |
|--|-----------|-----------|-----------|
| Total exports raw cotton (bales).....              | 8,532,243 | 9,048,312 | 9,477,744 |
| Raw cotton exported to United Kingdom (bales)..... | 2,457,036 | 2,307,531 | 1,694,303 |
| Raw cotton exported to Japan (bales).....          | 1,003,180 | 1,250,532 | 1,437,460 |

From Foreign Commerce and Navigation of United States, 1925, pp. 59, 60; 1926, p. 59; 1927, p. 61.

On account of the source of the Indian imports of cotton goods and the character of the goods imported (Cotton Goods in British India, Pt. V, p. 27) it is fair to estimate that 90 per cent of the three classes mentioned above are manufactured from American cotton. The Textile World in an editorial in its issue of January 26, 1929, says of this:

*"There are other important factors to be studied, included among them being the fact that while India's annual exports of burlaps approximate 1,500,000,000 yards, her annual imports of cotton cloths are not far from 1,900,000,000 yards, the major portion of the latter being made of American cotton."*

The cotton yarn, piece goods and sewing thread imported into India represent approximately 876,481 bales of cotton containing 475 pounds of cotton per bale, computing the piece goods on the basis of 5½ yards to the pound. Ninety per cent of this amount is 788,883 bales. In 1927 India imported 261,850 bales of

cotton from the United States. (Foreign Commerce and Navigation of United States, 1927, p. 61.) It is fair to say, therefore, that in 1927 India, the world's greatest market for cotton goods, consumed the following amount of American cotton:

|  | Bales              |
|--|--------------------|
| Imported as raw cotton from United States..... | 261, 850           |
| Imported as cotton goods.....                  | 788, 833           |
| <b>Total.....</b>                              | <b>1, 050, 683</b> |

INDIAN PRODUCTION OF RAW COTTON

"The United States has for the period covered (1921 to 1924) the largest average cotton acreage with 33,665,000 acres, followed by India with 20,483,000 acres and Egypt with 1,619,000 acres. The average yield per acre in pounds for the same three years, 1921-22 to 1923-24, for the United States was 132 pounds, for India 98 pounds, and for Egypt 324 pounds. The average production in bales of 478 pounds net over the three-year period was 9,285,000 bales for the United States, 4,081,000 bales for India, and 1,095,000 bales for Egypt. These three countries produced slightly more than 81 per cent of the average estimated total world production for the three-year period of 17,843,000 bales." (Report of the Federal Trade Commission on the Empire Cotton Growing Corporation, Feb. 28, 1925, pp. 1-2.)

And the same report says on page 11: "India is already a large producer of cotton, but not nearly as large as may be expected in the future. The total acreage planted is second only to that of the United States."

British India is also the second largest cotton-exporting country in the world. The Department of Commerce says in this regard:

"British India is the world's second largest cotton-exporting country. The 5-year pre-war average exports amounted to 2,014,444 bales, or about 23 per cent of the average exports from the United States during the same period. Exports during the years 1922 to 1924 show a substantial increase over pre-war exports, amounting to 2,501,501 bales in 1922, to 2,813,580 bales in 1923, and to 3,145,809 bales in 1924. In 1924 exports accounted for approximately 78 per cent of the total Indian production, compared with an average of 57 per cent exported in the five pre-war years." (United States Department of Commerce, International Trade in Cotton, p. 38.)

Indian exports of raw cotton in 1925 amounted to 4,141,038 bales, in 1926 to 3,485,222 bales, and in 1927 to 2,998,743 bales. (Sea-Borne Trade and Navigation of British India, 1927, p. 107.)

At the same time that India has been gaining increased importance as a cotton exporting country it has also been making important advances in manufacturing its own cotton goods. The Department of Commerce says in regard to this:

"British India is the world's largest market for cotton piece goods, but that country is importing less than half what it did in 1913-14. Increased cotton manufacturing in India explains the lower post war imports." (International Trade in Cotton, pp. 69-70.)

EFFECT OF PROPOSED JUTE DUTIES ON AMERICAN COTTON GROWERS

We have pointed out above that India is the greatest importer of cotton goods in the world, taking directly and indirectly approximately 1,000,000 bales of American cotton. Approximately 40 per cent of this goes to Bengal. India is also the second largest producer and exporter of raw cotton in the world, and cotton spinning ranks second in importance to jute spinning in Bengal.

The United States is now by far the chief customer for Indian jute, taking from 63 to 70 per cent of the gunny cloth or burlap exported from India. This all comes from Bengal. The proposed duties on jute and jute products will go far toward destroying the Indian jute industry. Certainly their effect must be to make cotton growing and spinning the chief industry of India. The effect of this upon the United States may be measured by the effect upon the British cotton spinning industry of the postwar increase in Indian consumption of Indian cotton. The Department of Commerce gives the following figures showing the exports of cotton piece goods from the United Kingdom in 1913 and for the years

1920 to 1927, inclusive. International Trade in Cotton, p. 67; Special Bulletin 561—Textile Division):

[In millions of yards]<sup>1</sup>

| Year      | Exports of cotton piece goods from United Kingdom to British India | Total exports of cotton piece goods from United Kingdom |
|-----------|--|---|
| 1913..... | 3,057  | 7,075   |
| 1920..... | 1,374  | 4,435   |
| 1921..... | 1,092  | 2,903   |
| 1922..... | 1,401  | 4,184   |
| 1923..... | 1,412  | 4,141   |
| 1924..... | 1,642  | 4,444   |
| 1925..... | 1,421  | 4,435   |
| 1926..... | 1,565  | 3,834   |
| 1927..... | 1,652  | 4,117   |

<sup>1</sup> Linear yards in 1913; square yards in other years; 1 linear yard is equivalent to approximately 0.93 square yard.

Commenting on these figures, the department says (id. p. 67):

"The principal cause of the decline has been the lower exports to India \* \* \*."

It is significant to compare the decline in the exports of American raw cotton to the United Kingdom for the same period. The figures are also given by the Department of Commerce (International Trade in Cotton, pp. 87-88; Foreign Commerce and Navigation of United States, 1924-1927):

*Exports for consumption to United Kingdom*

| Year:                    | Bales     |
|--------------------------|-----------|
| 1909-1913 (average)..... | 3,379,653 |
| 1920.....                | 2,699,850 |
| 1921.....                | 1,605,191 |
| 1922.....                | 1,829,541 |
| 1923.....                | 1,334,855 |
| 1924.....                | 1,986,041 |
| 1925.....                | 2,457,036 |
| 1926.....                | 2,307,534 |
| 1927.....                | 1,694,303 |

Thus due very largely to the decline in Indian imports of cotton goods Great Britain is taking approximately 2,000,000 bales of American cotton less to-day than it did in 1913. This fact is stressed by the Department of Commerce:

"Thus, the ability of the people in far-way India and China to purchase cotton textiles from England is linked in a very intimate way with the fortunes of the cotton grower in our southern States." (International Trade in Cotton, p. 1.)

If India were not a great cotton producing country it might be argued that it would have to continue using cotton goods of American cotton and find some—undefined—means of paying for them. But the fact is that a serious injury to the jute industry will furnish the greatest stimulus to the Indian cotton industry which possibly could be given. And when once India is driven by necessity to the production and manufacture of high-grade cotton and cotton goods the supremacy of the United States in the cotton trade will be definitely gone. With practically unlimited acreage and unlimited and cheap labor devoted to cotton and with the mills of Calcutta added to those of Bombay engaged in its spinning, the result, as the Department of Commerce states, will be "linked in a very intimate way with the fortunes of the cotton grower in our southern States."

CONCLUSION

The South has already lost exports of 2,000,000 bales of cotton due largely to the increase of cotton growing and manufacturing in India. In order to bring about the consumption of at most 400,000 additional bales of cotton per year in the United States at a cost to the farmers of this country of \$42,000,000 per year, the advocates of the duties on jute would set in operation economic forces which undoubtedly will lead to a further decrease in exports of 1,000,000

bales of cotton and may well so increase the quantity and quality of Indian cotton exports as to endanger the world price of cotton and the position of this country in the world cotton market.

### BRIEF OF ALBERT F. BEMIS, BOSTON, MASS.

[Jute yarns, par. 1003; burlap, par. 1008; jute bags, par. 1018; jute bagging, par. 1019; also including raw jute, par. 1033]

Hon. REED SMOOT,  
*Chairman Committee on Finance.*

Hon. FRANK L. GREENE,  
*Chairman Subcommittee on Schedule 10,  
United States Senate, Washington, D. C.*

**GENTLEMEN:** In view of the continued agitation by certain cotton textile merchants of New York City and others for the imposition of excessive and even prohibitory duties on raw jute and jute manufactures, I desire to reiterate the substance of my testimony before the Ways and Means Committee of the House on February 4, 1929, and review the conclusions of that evidence, no new or important evidence in the meantime having been publicly advanced by the proponents of such excessive duties.

For the substance of my testimony before the Ways and Means Committee of the House please refer to the printed report of the hearings before the Ways and Means Committee, Volume X of the Tariff Readjustment, 1929, pages 5763 to 5770, inclusive, also in the same report of hearings my brief in full on pages 5771 to 5785, inclusive.

During the 35 years of my active business career I have been extensively engaged in the manufacture of coarse cotton cloth and cotton bags and in the manufacture of jute bags. My justification for addressing you solely as an individual is based upon this experience and the resulting firm belief (if, in fact, it be not knowledge itself) that the proposed exclusion in large measure of imports of jute and jute products would be seriously detrimental to the commerce and industry of the country, including agriculture, and harmful to the public interest.

The testimony and brief referred to above submitted to the Ways and Means Committee of the House may be briefly summarized as follows:

1. There is no substantial competition between jute and cotton; each supplements the other. Their relationship is cooperative and not competitive.

2. There is no demand by our farmers for a duty on raw jute in order that its growth may be fostered in this country and, in fact, over the 50 years when our tariff law included a duty on raw jute none was ever grown. Nor is there any demand by manufacturing interests for protective duties on jute cloth beyond the limitations of the present law.

3. The demand for excessive duties on raw jute and jute products comes primarily from certain cotton-textile merchants and certain cotton manufacturers who would impose a burden of \$70,000,000 a year upon the country in the mistaken idea that thereby jute would be mostly displaced by cotton and their business would thereby be increased.

4. The burden of the \$70,000,000 tariff tax resulting from the proposed excessive duties would fall chiefly upon the agricultural interests of the country through the increased cost of marketing their products.

5. Furthermore, if we cut off the \$82,000,000 worth of jute and jute manufactures which we recently have imported annually from India, our exports of raw cotton might naturally be reduced by a similar value with certain injury to our foreign trade and possibly domestic too.

6. In the President's message to Congress April 16, 1929, he stated: "In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports." The soundness of such a caution is beyond criticism. Certainly the proposed excessive duties on raw jute and jute products would "sacrifice a greater amount of employment in exports to gain a less amount of employment from imports."

7. In short, the substantial shutting out of raw jute and jute products by means of these excessive duties would impose serious additional burdens upon agriculture in every part of the country; unfairly and seriously injure the business of those engaged in the importation, manufacture and distribution of jute and jute products in our country, the outgrowth of more than a century of our American



economic life and tariff policy, the ramifications of which extend to every farm and every factory and every mine, if not to every household; and seriously and unwisely interfere with an curtail our foreign trade, with the improbability, if not the impossibility, of accomplishing the very things claimed as benefits by the proponents of such excessive duties.

For all of which reasons, I most earnestly plead that no changes be made in the rates of duty under paragraphs 1003, 1008, 1018, 1019, and 1582.

Very respectfully yours,

ALBERT F. BEMIS.

## BRIEF OF JUTE MANUFACTURERS TARIFF COMMITTEE

[Jute yarns or roving, par. 1003]

Hon. FRANK L. GREENE,

*Chairman Subcommittee in Charge of Schedule 10, Tariff Bill of 1929.*

DEAR SIR: We, the undersigned jute yarn and twine manufacturers of the United States, herein present for your favorable consideration, the adoption by your committee of the rates on jute yarns and roving under paragraph 1003, Schedule 10, with certain minor alterations, and the retaining of jute and jute butts on the free list under paragraph 1686 of the tariff act of 1929 (H. R. 2667).

### SCHEDULE 10, PARAGRAPH 1003, JUTE AND MANUFACTURES OF

We quote below in parallel columns the present wording of paragraph 1003 of H. R. 2667 and the alterations which we respectfully submit as necessary for a proper protection of our industry, having in mind not only the interests of the invested capital which we represent but of the labor directly and indirectly supported thereby.

PAR. 1003, H. R. 2667

PROPOSED LANGUAGE

jute yarns or roving, single,

coarser in size than twenty-pound, 2½ cents per pound; twenty-pound up to but not including ten-pound, 4 cents per pound; ten-pound up to but not including five-pound, 5½ cents per pound; five-pound and finer, 7 cents per pound, but not more than 40 per centum ad valorem;

coarser in size than twenty-pound, 2½ cents per pound; twenty-pound up to but not including eleven-pound, 4 cents per pound; eleven-pound up to but not including six-pound, 5½ cents per pound; six-pound up to but not including three-pound, 9 cents per pound; three-pound and finer, 11 cents per pound;

jute sliver, 1½ cents per pound; twist, twine, and cordage, composed of two or more jute yarns or rovings twisted together, the size of the single yarn or roving of which is

coarser than twenty-pound, 3½ cents per pound; twenty-pound up to but not including ten-pound, 5 cents per pound; ten-pound up to but not including five-pound, 6½ cents per pound; five-pound and finer, 11 cents per pound;

coarser than twenty-pound, 4½ cents per pound; twenty-pound up to but not including eleven-pound, 6 cents per pound; eleven-pound up to but not including six-pound, 8 cents per pound; six-pound up to but not including three-pound, 12 cents per pound; three-pound and finer, 14 cents per pound;

and in addition thereto, on any of the foregoing twist, twine, and cordage when bleached, dyed,

polished, finished,

or otherwise treated, 2 cents per pound.

Our idea of a protective tariff is one that equalizes the difference in wages and costs of production between the United States and foreign countries irrespective of the cost of raw material. Experience has shown, within reasonable limits, the cost of labor per unit of production in this country and abroad is in

substantially the same ratio regardless of the size of yarn produced and that the cost of manufacture varies with the time and amount of labor necessary for manufacture. It requires more time and labor to produce a pound of fine yarn or twine than of a coarse one, directly in proportion to its size. We therefore believe that the policy of straight specific rates of tariff to cover this difference in wages and cost of production should be continued, as an ad valorem tariff would be based, not only upon wages and production cost, but also upon the cost of raw material, which should not be considered in the question of equalizing the difference in wages and cost of production.

At the time of the enactment of the tariff act of 1922, Calcutta, India, and Dundee, Scotland, were the sources of competition for the manufacturers in this country. These still remain, and to them have been added Germany, Belgium, Czechoslovakia, and Italy. In all of these countries the cost of labor has been and is far below that prevailing in this country. The process of jute spinning is an essential one in the industry, and following is a comparison of the weekly wage paid spinners in the various countries mentioned.

|                     |         |
|---------------------|---------|
| India.....          | \$2. 00 |
| Italy.....          | 2. 86   |
| Czechoslovakia..... | 3. 50   |
| Belgium.....        | 4. 75   |
| Germany.....        | 6. 50   |
| Scotland.....       | 8. 63   |
| United States.....  | 20. 00  |

Our reason for asking an increased duty on fine jute yarns is because the difference in cost between the fine sizes spun abroad and spun here is more than the duty now assessed, and since the enactment of the last tariff bill a large quantity of fine jute yarn has been imported.

Our reason for asking for an additional duty of 2 cents per pound on twines or cordage when bleached, dyed, polished, or otherwise treated is because these additional processes now carry no compensating duty and twines of this description are being imported and sold at less than the domestic manufacturers' cost. Paragraph 1004 of the tariff act of 1922 provides an additional duty of 5 cents per pound on flax or hemp twines when bleached, dyed, polished, or otherwise treated, and we are asking for similar treatment on jute twines to the extent of 2 cents per pound.

If a duty is imposed upon jute and jute butts under the proposed tariff act, a compensating increase in duty must be added to jute yarn and rove, jute sliver, unfinished twist twines and cordage, Schedule 10, paragraph 1003. Otherwise the domestic jute twine and yarn manufacturer will be unable to compete with imported jute products and will be forced to discontinue the manufacture of these items.

American Manufacturing Co., Brooklyn, N. Y.; Barbour Flax Spinning Co., Paterson, N. J.; Chelsea Fibre Mills, Brooklyn, N. Y.; Columbian Rope Co., Auburn, N. Y.; Dolphin Jute Mills, Paterson, N. J.; Ensign-Bickford Co., Simsbury, Conn.; Hanover Cordage Co., Hanover, Pa.; Hooven & Allison Co., Xenia, Ohio; Thos. Jackson & Son Co., Reading, Pa.; Ludlow Manufacturing Associates, Boston, Mass.; Morice Jute Mills, Philadelphia, Pa.; Revonah Spinning Mills, Hanover, Pa.; Schlichter Jute Cordage Co., Philadelphia, Pa.; Wall Rope Works, Beverly, N. J.; Wilmington Jute Mills, Wilmington, Del.

EXHIBIT A

This exhibit contains copies of letters from several prominent carpet manufacturers, outlining their position relative to jute yarns versus cotton yarns in the manufacture of medium and low-priced carpets and rugs.

THE MAGEE CARPET CO.,  
 Bloomsburg, Pa., February 8, 1929.

I have your letter of the 6th and the paragraph in your brief quoted in your letter about covers all that can be said relative to jute backing for carpets.

The claim made by some of the witnesses before the Ways and Means Committee on Monday that cotton can be used wherever jute is used, is absurd.

The jute, used in carpet is really the foundation on which the pile is built, and must be firm in order to keep the carpet in shape. Take on the other hand, cotton could not be sized heavy enough to hold it in place and the carpets and rugs would become seasey, lose their shape, wrinkle up, and would not be worth 50 per cent of the value of a carpet and rug made with jute backing.

It is too bad that we didn't have a practical carpet man who could in a very few words demonstrate to the committee just why cotton could not be used in floor coverings except as it is now, as a binder.

They may have lost sight that nearly all carpets, low grade and high grades, use two threads of cotton as a binder, and on some grades use a cotton filling. At the present time of the yarns used in the various grades we make, 12 per cent is cotton, 50 per cent jute, and 38 per cent wool.

If there is any other information required in regard to the above, I will be very glad to supply it.

W. LAW, *President.*

### STATEMENT OF HON. LYNN J. FRAZIER, UNITED STATES SENATOR FROM THE STATE OF NORTH DAKOTA

[Burlap, par. 1008, and jute bags, par. 1018]

(The witness was duly sworn by Senator Greene.)

Senator FRAZIER. Mr. Chairman and members of the committee, I wish to say a few words in regard to the tariff on burlap and burlap bags. It is in Schedule 10, paragraphs 1008 and 1018.

I also have here some telegrams I would like to insert in the record, and I would like to read one or two of them.

This is a telegram from my home town of Hoople, N. Dak. [Reading:]

We are opposed to any change in Schedule 10, paragraphs 1008 and 1018, since additional duties on burlap will be detrimental to farm interests. Under present schedule this shipping point pays between seventeen hundred and two thousand dollars per year burlap duty on potato sacks.

That is signed by the Hoople Potato & Produce Co. I will say that is a farmers' cooperative concern. The telegram is also signed by the Aaland Potato Co. and the Folsom Grain & Potato Co. Those are two independent companies.

The section in which I live in North Dakota ships more potatoes than any other point in my State. They are vitally interested, of course, in the potato bags.

Last fall, these potato bags, holding 2 bushels, sold at 16 cents apiece, and the potatoes were only worth 20 cents a bushel. In other words, the potato bags cost almost as much as they got out of the potatoes; in fact, the price they got for the potatoes did not pay for the actual expense the farmers were compelled to undergo to produce the potatoes.

Senator GEORGE. You mean the burlap bags cost 16 cents?

Senator FRAZIER. Yes; they sold for 16 cents apiece.

Senator GEORGE. Where was that, Senator?

Senator FRAZIER. That was at Hoople, N. Dak.

Senator GEORGE. They were 2-bushel bags?

Senator FRAZIER. Yes. I also have a telegram from Grand Forks, N. Dak., from the Kedney Warehouse Co. This is a firm which, while they raise some potatoes themselves also buy and sell potatoes in large quantities, and they also protest against any increase in the cost of these burlap bags.

I also have a telegram from the secretary of the Northwest Spring Wheat Millers Club, of Minneapolis.

The millers, of course, are interested because the burlap bags are used for the mill feeds, bran, and shorts, and that also affects the farmer. When the farmer buys his mill feeds he is charged by the miller or the broker who sells him the feed for the bags that contain the feed, and the farmer has to pay any increase in the cost of those bags.

Senator SACKETT. The House bill does not increase the duty?

Senator FRAZIER. No, I do not think it increases it; it leaves it the same. I can not understand why there should be any duty at all. I understand this burlap that is used is shipped here from foreign countries and manufactured into these bags that are disposed of here. It seems to me in cases of this kind there should be no duty on a product of that kind at all.

I wish to voice my sentiments as to being opposed to any duty whatever on this burlap for burlap bags.

Senator GEORGE. Would you also make that statement about the jute and yarn out of which the burlap is made?

Senator FRAZIER. I am not so familiar with that, Senator George, but I think it is the same proposition, however.

Senator SACKETT. This burlap is used not only for bags but for various other articles like bagging and things like that, and the duty is put on on that account, I suppose.

Senator FRAZIER. This duty, as I understand it, is on the burlap that comes from foreign countries.

Senator SACKETT. That is the reason it is put on.

Senator GEORGE. It all comes from foreign countries.

Senator FRAZIER. Mr. Chairman, I would like to have these telegrams made a part of the record.

Senator GREENE. They will be inserted as a part of your remarks.

(The telegrams referred to are as follows:)

HOOPLE, N. DAK., June 15.

Senator LYNN FRAZIER,  
Washington, D. C.:

We are opposed to any change in Schedule 10, paragraphs 1008 and 1018, since additional duties on burlap will be detrimental to farm interests. Under present schedule this shipping point pays between seventeen hundred and two thousand dollars per year burlap duty on potato sacks.

HOOPLE POTATO & PRODUCE Co.

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AALAND POTATO Co.  
FOLSON GRAIN & POTATO Co.,  
Grand Forks, N. Dak., June 17.

Senator LYNN J. FRAZIER,  
Washington, D. C.:

We are opposed to any change in Schedule 10, paragraphs 1008 and 1018 since additional duties on burlaps will be detrimental to farm interest. Potato growers have been terribly handicapped for several years by cost of bags.

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KEDNEY WAREHOUSE Co.

MINNEAPOLIS, MINN., June 19, 1929.

Senator LYNN FRAZIER,  
United States Senate, Washington, D. C.:

Refer H. R. 2667, tariff bill, now before Senate, Schedule 10, paragraphs 1008 and 1018; our association regards proposed increase in jute rates detrimental to milling industry with no compensating advantages to cotton interests. Economical marketing flour-mill products necessitates cheapest serviceable package.

Largest percentage burlap bags are used in domestic distribution; consequently millers not benefited by drawback provision on such packages. We protest proposed increased rates as uneconomic not only penalizing milling industry but also farmers who almost universally buy their feeds in burlap sacks. Respectfully ask your opposition in hearing before Senate Finance Committee as representing the sentiment of your constituency engaged in the milling industry who are largest users burlap containers.

NORTHWEST SPRING WHEAT MILLERS CLUB,  
V. G. PICKETT, *Secretary*.

### STATEMENT OF DUANE HALL, NEW YORK CITY, REPRESENTING THE TEXTILE BAG MANUFACTURERS' ASSOCIATION

[Burlap, par. 1008, and jute bags, par. 1018]

(The witness was duly sworn by Senator Greene.)

Senator SACKETT. Tell us first whom you represent and your business connections, and so forth.

Mr. HALL. I will try to be as brief as possible, Senator.

Senator SACKETT. We do not care about that, but we want to know whom you represent.

Mr. HALL. All right. I represent the Textile Bag Manufacturers' Association of the United States, manufacturers of both cotton and burlap bags.

Four of our members own six cotton mills having a total of 283,000 spindles, representing a plant investment of \$215,000,000, making cotton cloth for bags.

Senator SIMMONS. Where are you located?

Mr. HALL. Senator, I am representing the Textile Bag Manufacturers' Association, and the members of our association have plants located all over the United States, mostly in the Central West. We have one of our biggest plants in Atlanta, Ga., and another at Savannah, Ga., and we have plants in St. Louis, Milwaukee, Minneapolis, San Francisco, Portland, Oreg., in Seattle, and in Dallas, Tex., in New Orleans and Memphis, and all over the country.

The association are mainly interested in the manufacture of cotton bags, but manufacture also burlap bags. They are makers of both.

For the benefit of those of the committee who are not familiar with the burlap cloth, I place samples before you. I do not know whether you want to see samples of burlap any more, but I have these samples here.

Senator SACKETT. What paragraph of the bill are you going to speak to?

Mr. HALL. Paragraphs 1008 and 1018.

My association comes before you asking for nothing.

Senator SACKETT. There has been no change in the duty on either of these schedules?

Mr. HALL. No, sir.

Senator SACKETT. Then what are we kicking about?

Mr. HALL. Gentlemen, we come before you to-day, but we would not appear before you but for the fact that our opponents made it necessary for us to defend ourselves, for fear if we did not show up here, you might think we are indifferent.

Senator SACKETT. What did your opponents propose?

Mr. HALL. Our opponents proposed placing a prohibitive duty on burlap.

In Senator Ransdell's amendment that was made on the Senate floor the other day, he wants the duty on burlap advanced from 1 cent to 10 cents a pound.

Senator BINGHAM. What would be the increase in the cost of sacking wheat if cotton were used instead of burlap?

Mr. HALL. If the farmer had to use a cotton bag instead of a burlap bag for sacking his wheat, a bag of comparable quality would mean that the 2-bushel seamless bag would cost him 32 cents each, as against a burlap bag made from 10½-ounce material, and that bag would cost him 12½ cents.

Senator GEORGE. Give us the weight of those two bags.

Mr. HALL. The weight of the cotton bag is 16 ounces and the weight of the burlap bag would be about 14½ ounces, about 1½ ounces difference between the two bags in weight.

Senator GEORGE. That is the weight?

Mr. HALL. That is the weight of the bag made up.

Senator BINGHAM. Why does the cotton bag have to weigh more?

Mr. HALL. It does not necessarily, but it has always been the custom to make the cotton bag—

Senator BINGHAM. But, as a matter of fact, you could make it weigh very much less?

Mr. HALL. You could make it weigh very much less, but it would not answer the purpose of carrying the wheat so well.

Senator BINGHAM. It would have the necessary strength, would it not?

Mr. HALL. I do not think it would.

Senator GEORGE. Cotton is the stronger fiber, is it not?

Mr. HALL. In some respects it might be considered stronger; but this 10½-ounce burlap bag is the bag that is used for carrying wheat from the Pacific coast.

Senator GEORGE. I understand that is so now; that is the bag you use now. But you are not comparing possible cotton bags that might be made of comparable strength; as I understand, you are simply comparing the bag that is now used, and as I understand you, 13 ounces is the weight that is now made?

Mr. HALL. I am comparing the bag that is in common usage now. There is no other bag made.

Senator GEORGE. Is the reason that one is of soft and the other of hard fiber?

Mr. HALL. No, Senator; that has nothing to do with it. That is a heavier material for handling wheat.

Senator BINGHAM. A heavier material for the same weight?

Mr. HALL. For the same weight; that is comparable to the cotton bag.

Senator BINGHAM. Would there be any increase of cost of sacking corn if cotton were used?

Mr. HALL. There would be a difference in sacking corn.

Senator GEORGE. What did you say those two bags would cost?

Mr. HALL. A seamless cotton bag for shipment f. o. b. Chicago or St. Louis would cost, out there, 32 cents each.

Senator GEORGE. I am not talking about cotton bagging, but burlap bagging.

Mr. HALL. At St. Louis and Chicago, f. o. b. those bags would cost about 12½ cents each.

Senator GEORGE. How did it happen that Senator Frazier's testimony this morning was that they cost the farmer 16 cents each?

Senator SACKETT. That was potato bags.

Mr. HALL. I did not hear Senator Frazier's testimony this morning.

Senator GEORGE. What is the difference between a potato bag and a wheat bag?

Mr. HALL. There is quite a difference there, because it does not take so nearly a good a bag to carry potatoes as to carry wheat.

Senator GEORGE. The potato bag is cheaper?

Mr. HALL. Considerably cheaper.

Senator GEORGE. And if that costs the farmer 16 cents, it would be very much out of line with a comparable cotton bag for potatoes, would it?

Mr. HALL. I have some few figures here on potato bags. For instance, potatoes are shipping mostly in 2½ bushel burlap bags. That is the size generally used in the potato-growing States. A two and one-half bushel burlap bag would cost you about 10½ cents each. A comparable cotton bag for carrying 2½ bushels of potatoes would cost you about 14½ cents. The difference, approximately, in the bushel price, is about 2 cents a bushel.

Senator GEORGE. Those bags could be used and reused, and which would have the greatest lasting quality?

Mr. HALL. The burlap bag, by all odds.

Senator GEORGE. The burlap?

Mr. HALL. Yes.

Senator GEORGE. Can be used more than the cotton?

Mr. HALL. More than the cotton bag used for potatoes.

Senator GEORGE. Do you mean to tell me that burlap will outlast cotton when you rework it?

Mr. HALL. On these two bases here?

Senator GEORGE. On any basis, on the roughest form of cotton bagging?

Mr. HALL. Absolutely, Senator. From 30 years' experience I am ready to back up that statement on that basis.

Senator GEORGE. With comparable bags?

Mr. HALL. With comparable bags, yes; the burlap bag will outlast the cotton bag for potatoes by a wide margin.

Senator BINGHAM. On the contrary, the wheat proposition is a different proposition?

Mr. HALL. Yes.

Senator BINGHAM. The cotton wheat bag will outlast the burlap bag?

Mr. HALL. Yes; the cotton wheat bag will outlast the burlap wheat bag.

Senator GEORGE. How many times can you use a burlap wheat bag, just roughly?

Mr. HALL. About three times.

Senator GEORGE. About how many times can you use the cotton bag?

Mr. HALL. You can use a cotton bag for wheat a dozen times.

Senator GEORGE. Then you would cut down the comparative cost of the two bags, right there, would you not, as a practical proposition? If you can use cotton twice, you have cut down half the difference between the bags, and if you can use it four times, you will cut it down in the same proportion, will you not?

Mr. HALL. The wheat bag—

Senator GEORGE. I am just asking you, now, about the wheat bag. You said you could use the burlap bag three times. What is the difference of cost between the wheat bag of cotton and the burlap bag, for wheat?

Mr. HALL. The difference in price is 19½ cents a bag.

Senator GEORGE. All right. You can use the cotton two times and the burlap only three times. Now, counting the reuse value, how much would that reduce the difference in value between the two bags?

Mr. HALL. The point there, Senator, is that the burlap bag that is used for wheat there is almost exclusively out on the Pacific coast, and it all goes for export wheat. Most of that wheat out there is exported in bags, and those bags are loaded by the grain shippers in Washington, California, Oregon, and Idaho, and they go to Liverpool and other places on the Continent, and therefore they are only required to carry the wheat once.

Senator BINGHAM. Do they come back?

Mr. HALL. Those come back again and are bought as secondhand bags in this country.

Senator GEORGE. Now, there is on that bag a saving at some place in the world, and if for one of these bags the shipper pays 20 cents, and you can use a cotton bag twice as much as you can a burlap bag, you have cut the difference to 10 cents. If you can use it four times, you have cut it down practically to a vanishing point, and that is exactly what you said.

Senator BINGHAM. If you can use a cotton bag four times as many times as you can use a burlap bag, then if you are going to increase the production of cotton a million bales on the present use of burlap, you are going to cut it down eventually to one-fourth of that, and only save 250,000,000 bales; is not that correct?

Mr. HALL. That would be the correct answer to that.

Senator GEORGE. You have an equal proportion of your bags to be replaced every year, have you not?

Mr. HALL. Senator, I want to be fair to the cotton people. Not if you use it four times as much, Senator.

Senator GEORGE. I know, but your use of bags takes place in regular percentages. If you have cotton bags it would follow the percentage of cotton bags?

Mr. HALL. I want to bring to your attention this fact. How would a Pacific coast seller of wheat compete as against the Argentine? The Argentine uses the same burlap bag.

Senator BINGHAM. How does he compete now?

Mr. HALL. He competes now because the price is often as low as the fellow from the Argentine can get in over there; but if he had to pay 32 cents for his wheat bag, you have made the duty so high, and no more burlap can be brought in, and you would force him to use a cotton bag and he could not possibly compete.

Senator GEORGE. You do not suppose that we would exclude burlap completely, on the duty suggested yesterday?

Mr. HALL. Ten cents a pound?

Mr. GEORGE. I am speaking of these duties that Mr. McCampbell suggested. You do not suppose that that would completely exclude burlap?



Mr. HALL. I did not hear Mr. McCampbell on burlap. I did hear Senator Ransdell's statement yesterday morning. He wanted 10 cents.

Senator SACKETT. If you used the cotton instead of burlap and it would make it so much cheaper, why do you sell any burlap at all? Why would not everybody want cotton bags, even at this price?

Mr. HALL. There is a big outlay. At 32 cents a bag, it takes a pretty substantial farmer to have many wheat bags at 32 cents, even though he had an opportunity to use them often. He would have a big investment.

Senator SACKETT. It would be cheaper in the long run, and there must be some other reason why he does not use it.

Mr. HALL. The bags have to be burlap, for shipment of wheat, that is if you want to use them on the Pacific coast, where it is going to foreign ports, in connection with the wheat farmer.

Senator SACKETT. You are limiting this to the Pacific coast. How about the wheat bags which are used in the Northwest that come East, for grain?

Mr. HALL. They use mostly burlap.

Senator SACKETT. Why do you talk about the Pacific coast, and not tell us about those others?

Senator BINGHAM. Is not wheat shipped in bulk from Minnesota and North Dakota?

Mr. HALL. From Minnesota and North Dakota that is shipped in bulk.

Senator BINGHAM. They do not use bags there at all?

Mr. HALL. They use bags up there, but only in a limited way. Most of the wheat is shipped in bulk from there.

Senator SACKETT. The bags are used in the Northwest?

Mr. HALL. On the Pacific coast they use the wheat bags.

Senator BINGHAM. Do you sell a lot of bags in the Central West?

Mr. HALL. Yes.

Mr. BINGHAM. What are they used for, mostly?

Mr. HALL. They are used there for corn and oats.

Senator BINGHAM. Take the oats bag, and what is the increase in cost in sacking oats in the cotton bag?

Mr. HALL. The 4½-bushel oat bag made from 7½-ounce burlap would be 12¼ cents f. o. b. St. Louis.

Senator BINGHAM. That is the wholesale price f. o. b. St. Louis? That is not the price the farmer has to pay, but that is the price?

Mr. HALL. This is the cost without any profit added at all. I am just giving you the comparison of prices, between a burlap bag and a cotton bag, without any profit added.

Senator BINGHAM. What does cotton cost?

Mr. HALL. The cotton bags would cost 16 cents each. There is a difference there of 4¼ cents per bag, or 1½ cents a bushel.

Senator BINGHAM. Would there be any increase in the cost of sacking fertilizer in bags?

Senator GEORGE. Just a moment, on that line. What is the lasting quality of those bags?

Mr. HALL. The burlap bag there would outlast the cotton bag.

Senator BINGHAM. In oats bags?

Mr. HALL. In oats bags.

Senator GEORGE. Have you ever reused any of the secondhand oat bags?

Mr. HALL. Many of them.

Senator GEORGE. Have you actually used them out on the farm, so that you know what they are worth?

Mr. HALL. I know what they are worth, because I have sold them myself.

Senator GEORGE. You have resold them?

Mr. HALL. Yes; I have worked in the secondhand department as well as in the new department.

Senator GEORGE. If I were to tell you that many farmers really do not save them at all, would you think that I am exaggerating; after they have carried oats into the South, after they have gone through their hands, if they do not save the burlap bag, would you think it any more likely that they would save a cotton bag?

Mr. HALL. There would be very little reused of the cotton bags, at all.

Senator GEORGE. I want to tell you that all cotton bags are saved, are preserved, practically all of them, by all the farmers. If I say that, would you say that I am telling you the truth?

Mr. HALL. I would take your word for anything, Senator; but let me ask you one question—

Senator GEORGE. If I were to qualify it by saying that I, myself, am an actual farmer, and that on my land, with 35 or 40 ploughs, I handle burlap and jute bags and cotton bags used for nearly every purpose for which they are made, then I would hope that you would attach some little significance to what I say about what happens to the ordinary burlap bag that has to undergo the hard usage of shipment as compared with a cotton bag of comparable strength.

Senator BINGHAM. Senator, if you were a New England farmer, you would not waste those oat bags. They are taken back and sold at the store.

Senator GEORGE. They may be different oat bags.

Mr. HALL. Senator, I think I will send some good secondhand burlap man around to your town to buy the burlap bags and make a good price for them.

Senator GEORGE. But you are talking about secondhand oat bags.

Mr. HALL. I am talking about secondhand oat bags.

Senator GEORGE. I am saying to you that it is a very poor bag.

Mr. HALL. We and many of the burlap bag manufacturers throughout the country sell those secondhand burlap bags in carload lots.

Senator GEORGE. I am talking about it as a bag, without regard to the purpose.

Mr. HALL. You can use a burlap oat bag—and I am saying this with all due regard to rough handling of a bag—at least two times, and I have known them to be used even more than that.

Senator BINGHAM. In other words, there is a good market for secondhand oat bags?

Mr. HALL. There are probably a thousand secondhand burlap bag dealers in this country.

Senator GEORGE. But you would not have any market for the comparable cotton bag used for the same purpose. Now, I understand that to be your testimony.

Senator BINGHAM. I have not heard the witness say there would not be any market.

Senator GEORGE. I understood him to say so.

Mr. HALL. The secondhand cotton bag that has been used for oats I do not think would have much further usage as a bag suitable for carrying any burden.

Senator GEORGE. That is what I understood you to say.

Mr. HALL. But that secondhand cotton bag could be used for lots of domestic purposes in the home, for dish rags, and things like that.

Senator GEORGE. But not for a bag?

Mr. HALL. No, sir.

Senator GEORGE. That is what I understood you to say.

Mr. HALL. Because I am giving the cotton man the best of the argument here on the lowest cost cotton material that might be possible, to the burlap bag.

Senator GEORGE. Yes; I understand you to say that.

Senator BINGHAM. Before you go any further, I would like to have you answer my question that I asked a while ago, whether there was any increase of cost in sacking fertilizer, if cotton bags were used instead of burlap?

Mr. HALL. There would be considerable difference in cost. Practically, they would cost  $13\frac{3}{4}$  cents for the burlap bags and  $25\frac{1}{4}$  cents for the cotton bags, making a difference between the two bags of  $11\frac{1}{2}$  cents each.

Senator GEORGE. What is the weight of the cotton bag there that you are comparing?

Mr. HALL. The weight of a cotton bag, Senator, that would be comparable with burlap that is made from 40-inch 10-ounce osnaburg.

Senator GEORGE. And the bags would weigh what—200-pound sacks of fertilizer?

Mr. HALL. That bag would weigh about 17 ounces.

Senator GEORGE. And what about the burlap bag; what would that weigh?

Mr. HALL. The burlap bag would weigh about  $17\frac{1}{2}$  ounces, because the burlap bag is made from  $10\frac{1}{2}$  ounce material, and the cotton bag from 10 ounce material. By that I mean that the goods are 40 inches wide, and the burlap is  $10\frac{1}{2}$  ounces for 40 inches width, per square yard, and the cotton is the same weight on the same basis.

Senator GEORGE. And what is the comparative cost of those on the same basis?

Mr. HALL. The second-hand fertilizer bag probably could be used three or four or half a dozen times, I suppose, because made from a much heavier material than this bag [indicating], and therefore it would serve a great many more purposes, more frequently. It could be used for oats again, if a man wants to take a chance on putting oats in a fertilizer bag. Some use could be made of it again for fertilizer.

Senator GEORGE. You are speaking now of cotton or burlap?

Mr. HALL. Of the burlap.

Then the cotton bag, on account of being made of 10 ounce osnaburg could be used again for fertilizer, and probably could make another trip.

Senator GEORGE. Of course certain fertilizers would destroy the bag. That would be true of both bags?

Mr. HALL. That is true of both bags.

Senator BINGHAM. If the farmer bought 20 bags of fertilizer in cotton, it would cost him \$2 more for that load of fertilizer; is that right?

Mr. HALL. The difference in cost of cotton bags would be 5 cents per hundred pounds, or \$1.15 per ton.

Senator GEORGE. Some cotton bags are now sold for fertilizer bags, are they not?

Mr. HALL. I have heard that statement made, Senator; but every day we do business with the largest fertilizer manufacturers in the United States, and you know whom I mean, without making any direct reference to the names of the people, and we have not yet sold them a single cotton bag for fertilizer.

Senator GEORGE. Yes, I know; but some are used. I would like to give you that information, that some are used in my State, right to-day, every year; not in large quantities, because they are slightly higher than the other bags; they cost a little more. Many farmers prefer them.

Mr. HALL. Yes.

Senator GEORGE. But of course the larger number of farmers are trying to save all the expense they can on the farm, and they buy the cheapest quality of bags.

Mr. HALL. Yes, sir.

Senator SIMMONS. Can he tell us about peanuts?

Mr. HALL. About peanuts?

Senator SIMMONS. Yes.

Mr. HALL. Peanuts are all shipped in bags. They are shipped in a very large bag.

Senator GEORGE. What sort of peanuts are you speaking of?

Mr. HALL. The kind that you raise around Norfolk here.

Senator GEORGE. In Virginia and North Carolina?

Mr. HALL. Yes.

Senator GEORGE. Spanish nuts are shipped in bulk, usually.

Senator SIMMONS. Not with us.

Senator GREENE. How much more time would you like?

Mr. HALL. I have not anything further to say. I am here to answer questions now.

There was one thing I would like to refer to, and that is the testimony of one witness here yesterday afternoon who made some remarks about the cost of cotton bags and burlap bags—that is, the cost that I have given the committee—and I am duly conscious of the fact that I am here under oath, and I wish you would please understand that they are absolutely correct. But, on the other hand, I have often made it a little bit difficult for the burlap man, because I have taken burlaps on a higher valuation than I can actually buy them for to-day, whereas the cotton bags, I have given them just a little bit the advantage of the price.

Senator SIMMONS. I would like to ask you a question about wheat bags. You say the price of cotton bags will have to be about 32 cents per bag?

Mr. HALL. Yes, sir.

Senator SIMMONS. The farmer bags only that part of his wheat which he sells, does he not? He does not bag the part that he consumes himself, but he bags that part of his crop which he sells, either for domestic consumption or for export?

Mr. HALL. I think that the farmer in your territory, Senator, uses it both ways. He bags his wheat down there in North Carolina. Some of it he sells and some he puts away in his granary, down there, for his own use.

Senator SIMMONS. The big wheat farmer in the West sells the bulk of his crop, does he not?

Mr. HALL. The wheat farmer in the West sells the bulk of his crop.

Senator SIMMONS. And he sells it in bags?

Mr. HALL. In the Northwest, mostly, Senator. On the Pacific coast, in the Northwest, it is all sold in hurlap bags out there.

Senator SIMMONS. When he pays 32 cents for cotton bagging, he never sees that bag again, would he?

Mr. HALL. He does not; but he does not use the cotton bag in shipping his wheat.

Senator SIMMONS. Suppose we should practically exclude burlap; he would then have to use that bag?

Mr. HALL. He would then have to use that bag.

Senator SIMMONS. And would have to pay 32 cents for it?

Mr. HALL. Yes.

Senator SIMMONS. He puts his wheat in that bag and ships it, and never sees that bag again?

Mr. HALL. He would not.

Senator SIMMONS. If he never sees it again he will buy it again, will he not, and he buys it as a used bag?

Mr. HALL. A secondhand used bag, probably.

Senator SIMMONS. What will he have to pay for it, secondhand?

Mr. HALL. The secondhand wheat bag based on the 32-cent valuation for a new bag, he will probably have to pay about 20 cents for that bag again.

Senator SIMMONS. That is still more than he could buy a new burlap bag for?

Mr. HALL. Considerably.

Senator SIMMONS. So that he is confronted with this proposition: That he pays out 32 cents and never sees that 32 cents again except in case he should buy a used bag, and he would then see it; but he would have to pay 20 cents for it?

Mr. HALL. Yes.

Senator SIMMONS. Now, about cotton; you did not tell me about cotton bagging. Suppose we have to wrap our cotton up in cotton.

Mr. HALL. We are not interested in the burlap and cotton bagging that has been discussed here. We are bag manufacturers, and we do not handle that cotton bagging that goes around bales of cotton.

But on that point I might say, for Senator George's benefit here, that we use the cotton goods and burlap, and we have tried diligently to get the mills all over the South to use cotton for the wrapping of their cotton for a long time, but they have told us all the time that it is not practicable, that it will not answer the purpose, that it will not stand the rough handling that the cotton bales are subjected to.

Senator SIMMONS. Then he would have to pay more for the cotton bagging.

Senator GEORGE. That is the real reason—the cost of it. You do sell cotton bags, do you not?

Mr. HALL. Yes.

Senator GEORGE. For a great many different uses?

Mr. HALL. And we are trying to increase the use of cotton bags. The figures on the bags are pretty evenly divided.

Senator GEORGE. Even in the wheat business; and cotton is used for various other purposes interchangeably with jute?

Mr. HALL. To a certain point. There is a line of demarkation in the use of cotton and burlap bags.

Senator GEORGE. I recognize that. In some instances there is bound to be.

Mr. HALL. Here is another point. What would become of our export trade? We sell those burlap bags for export. If burlap was excluded from this country, we could not expect a man from some foreign country, in Brazil or Cuba, or some other foreign place, to use cotton bags just because we had put a high duty on burlap here.

Senator GEORGE. We do not contemplate excluding all burlap from this country, where there are uses for it.

Senator SIMMONS. I think it was Senator Ransdell, and it if was not he, it was some other witness, who said that the cost of inclosing a bale of cotton in cotton bagging would be about 54 cents a bale more than the cost of jute for that purpose. Is that about correct?

Mr. HALL. I am not prepared to answer that statement, Senator, because I am not posted. We do not handle the jute bagging that goes around raw cotton.

Senator SIMMONS. Assuming that that is true, he would have to pay 50 cents more for his cotton wrapping for his raw cotton, and if we should exclude all jute from this country and force him to buy this cotton bagging, it will cost him 54 cents a bale more. But the farmer does not consume any part of his raw cotton; he sells it all; so, when he sells a bale of cotton, he parts forever with that bagging.

Mr. HALL. Yes.

Senator SIMMONS. He parts forever with it. If he buys it again as secondhand bagging he will have to pay more for secondhand than he would have to pay for jute now; is not that so?

Mr. HALL. Yes, sir; and, following up your line of thought—

Senator SIMMONS. So that it does not make any difference, with him, how many times you can use cotton bagging as compared with jute bagging; he loses his cotton bagging when he sells his cotton.

Mr. HALL. That is my opinion of it, Senator.

#### STATEMENT OF S. ODENHEIMER, REPRESENTING THE LANE COTTON MILL, NEW ORLEANS, LA.

[Burlap, par. 1008, jute bags, par. 1018; jute bagging, par. 1019; also including raw jute, par. 1683]

(The witness was duly sworn by Senator Greene.)

Mr. ODENHEIMER. I am president of the Lane Cotton Mills; I am president of the International Trade Exhibition.

Senator BINGHAM. Mr. Odenheimer, where are the Lane Cotton Mills located?

Mr. ODENHEIMER. New Orleans. I am vice president of the American Chamber of Agriculture; and a member of the executive board of the Southwide Cotton Council.

I mentioned, Senators, my various official positions in order that you may understand and give proper weight to my statements, as I intend to speak both for the farming interests and also for the cotton mill interests.

Senator GEORGE. Speak as loud as you can, and as rapidly as possible, because we are not making much progress.

Mr. ODENHEIMER. From my investigations on this jute tariff matter I find, with the increased wealth which is used in the United States, if you will put a proper tariff on jute, it will amount to over \$500,000,000. A part of this \$500,000,000 will be a benefit to the southern cotton grower to the extent of \$240,000,000; and \$200,000,000 will be a benefit to the textile industry of the United States.

Senator BINGHAM. Excuse me just a minute. Do I understand you to say that a tariff on jute will bring in a revenue of \$500,000,000?

Mr. ODENHEIMER. Will benefit the United States to the extent of \$500,000,000.

Senator BINGHAM. Oh, you did not say that it would bring in a revenue of \$500,000,000?

Mr. ODENHEIMER. No, sir.

Senator BINGHAM. I misunderstood you. Proceed.

Mr. ODENHEIMER. The \$240,000,000 that the southern cotton grower would be benefited by the tariff on jute would come about by the additional use, by a new use of about 1,000,000 to 1,250,000 bales of cotton to replace burlap which is made out of jute.

It is only since 1913 that burlap has been used to such a large extent for purposes of bags and other things and really since then, you might say, additionally every year has burlap replaced cotton cloth.

Senator SACKETT. What was used for sacking before 1913?

Mr. ODENHEIMER. Cotton cloth.

Senator SACKETT. Now, is that true for baling cotton?

Mr. ODENHEIMER. It is also true for baling cotton. So far as baling cotton is concerned, jute has been used before and after. There has been no change as to the covering for cotton, with the exception that from time to time since 1889 about 6,000,000 yards of cotton bagging has been used in place of jute bagging, to replace jute bagging for baling cotton.

Senator SACKETT. How about other agricultural products? Before 1913, were they sacked in cotton, like wheat?

Mr. ODENHEIMER. Very nearly all of them were sacked in cotton, yes, sir.

Senator SACKETT. Wheat, and such things?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. And jute has been under growth since that time, for farming purposes?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. 1913?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. Pardon me, Mr. Odenheimer, was not feed wheat, cracked corn, chicken feed, generally packed in burlap bags back in what you call the gay nineties?

Mr. ODENHEIMER. Yes; to a certain extent.

Mr. BINGHAM. I was brought up on a farm and had to buy chicken feed, and I used to sell those bags after the chickens had eaten what was inside of them, and I do not remember anything but the burlap bags.

Mr. ODENHEIMER. They might have looked that way to you.

Senator BINGHAM. It was not cotton.

Mr. ODENHEIMER. It may not have been cotton for that particular purpose, but we know—and figures do not lie, because they come from the department—

Senator BINGHAM. I am not disputing your figures at all about the jute, but I was very much surprised to hear you say that the bagging for farmers was made out of cotton before 1913. I would not know the difference between hemp and jute.

Mr. ODENHEIMER. Senator, I only know this, that the small amount of burlap imported in 1913, and earlier, as burlap bags, would not have been sufficient as they are needed now. The last report we have it was better than 165,000,000 yards of burlap. While not in 1913—I could give you the figures, but I would have to take your time. It was not, probably, one-third or one-fourth of that amount. So there is a reason for this increased importation of burlap. In other words, they are finding new uses for burlap, and we are after finding new uses for cotton.

Now I would like to speak to you—

Senator SACKETT. Mr. Odenheimer, let me ask this: I do not know, I am just asking for information—if we put a duty such as requested on jute, would the substitute be cotton, or would this country go into the growing of hemp?

Mr. ODENHEIMER. No; the substitute would be cotton.

Senator SACKETT. Why would not hemp be cheaper than cotton?

Mr. ODENHEIMER. We could not produce hemp in competition with cotton. Hemp has a very poor fiber, and you require, in order to get the strength necessary for a sack, for any fabric, you would require at least three times the weight of hemp to give the strength as one pound of cotton would do. And for that reason hemp would not be the thing to use. Besides, whatever you raise in this country would be so much dearer than burlap, which is grown in India with labor that is one-twentieth of what we pay here for labor. You want to remember, Senator, that cotton is a very peculiar fiber. It is the best fiber, the strongest fiber we have got, with the exception of ramie and silk.

Senator BINGHAM. Is it stronger than flax?

Mr. ODENHEIMER. It is stronger than flax.

Senator BINGHAM. Why is it that a linen sheet wears longer than a cotton sheet?

Mr. ODENHEIMER. Because flax has some qualities cotton has not got.

Senator BINGHAM. It seems to me that makes it stronger.

Mr. ODENHEIMER. No; it is not the strength. Flax is a very solid fiber and by washing it you don't disturb the individual fibers. And a tablecloth or napkin made out of flax will remain the same way, no matter how often you wash it, while the same made out of cotton will gradually become fuzzy on the outside. That is the only way you can distinguish linen which is, of course, made out of flax—that is the only way you can distinguish linen from cotton offhand. When you hold it to the light and look over it, you will see a fuzzy appearance on cotton cloth, while linen does not show that. Do I answer your question?

Senator BINGHAM. Yes; thank you.

Mr. ODENHEIMER. I stated that the cotton grower of the South would be benefitted to the extent of about \$240,000,000 if jute and burlap could be kept out of this country.



Senator BINGHAM. What do you base those figures on?

Mr. ODENHEIMER. It would require at least 1,000,000 bales of cotton—I figure 1,500,000 and—but, say, only 1,000,000 bales of cotton for which we would find a new use. This will increase the price of cotton from 2 to 3 cents a pound.

Senator SACKETT. You heard me ask Senator Ransdell if the use of that low-grade cotton for that purpose would have the effect of increasing the value of the whole cotton crop 2 or 3 cents a pound.

Mr. ODENHEIMER. Yes; it would have that effect. Low-grade cotton contains about 25 per cent waste; unspinnable cotton. In counting the bales of cotton by the Census Bureau, they count a bale of cotton, whether it is good middling, which is the finest grade of cotton, or whether it is low ordinary. Now if in a crop of cotton, which we had in 1926, 3,500,000 bales—some claim it was 5,000,000 bales—three and a half million bales of low-grade cotton is only about 1,000,000. The balance is waste, unspinnable. So by using this low-grade cotton we keep it out of the market, and it is not a burden on the whole crop. What I mean by burden, if there are 3,000,000 bales low-grade cotton, and it is counted 3,000,000 when virtually it is only 1,000,000 bales of fiber, the price of fiber being based on the probable supply, it has the effect of lessening the price of cotton.

Senator SACKETT. Well, is not the remedy for that an agricultural report giving the distinction between the low-grade cotton and regular spinnable cotton?

Mr. ODENHEIMER. Congress has been petitioned to see that the Department of Agriculture does make the distinction, but so far it has not.

Senator SACKETT. Well, if it does make that distinction then this effect of the extra one and a half million bales would not have an effect on the price of cotton?

Mr. ODENHEIMER. No; the South is asking for that, so as to increase the price of cotton.

Senator SACKETT. Now, instead of putting a tariff on jute, could we not, by providing in a bill that a differential should be made by the Department of Agriculture, fix your price and give you that which is similar? In other words, we would then separate it and have two articles, one spinnable cotton and one used for this purpose.

Mr. ODENHEIMER. Yes; but the unfortunate part of that is that the Department of Agriculture would not be in a position to give you this information until about December or January, by the time the farmer has sold his cotton; because the low-grade cottons are only made at the end of the picking season; not the beginning of the picking season. The low-grade cotton is made or produced by the elements. The longer the cotton is in the field the more it is subjected to the elements, such as rain, windstorms, and frosts. And it is much harder to pick. If you have a windstorm the cotton is thrown on the ground. It is harder to pick, and takes more labor, so they pick it with the impurities. So the Department of Agriculture is able to tell us in December or January, for instance, what low-grade cotton was made this year. But it would not have an effect on this year's price. It would have an effect on next year's price.

The cotton farmer is benefited in proportion as there is more demand for his cotton and less supply. Now, unfortunately we can

not regulate the supply. If we could tell the farmers, "Now, raise 15 million bales of cotton, and no more," then you could tell them beforehand, "You will get 15 cents for your cotton."

But when we raise cotton and plant 49,000,000 acres, say, in March and April, nobody in the world can tell how many million bales of cotton we will get until October or November; because 49,000,000 acres may produce 20,000,000 bales of cotton and may produce only 12,000,000 bales of cotton.

So you see the cotton farmer can not be helped by telling him, "You must curtail the acreage," because we do not know how much cotton the acreage may produce. But we can only help him by making a larger demand for his cotton, and that is the idea for this tariff on jute.

Senator BINGHAM. But is it not true that the larger demand for cotton will come in the lower, unspinnable grades? That is what you are going to use in this sacking, is it not?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. Then you are not increasing the demand for high-grade cotton, and you are not increasing the price of high-grade cotton.

Mr. ODENHEIMER. I know, but at the present time the high-grade cotton is also used, but it is used at a disadvantage. We can use the low-grade cotton by cleaning it in the cotton mills by proper machinery, but that enhances the cost of the fabric. But the low-grade cotton is used anyway. What we want to do is not only to use the low-grade cotton and save the farmer a great deal of expense of picking the cotton by hand, but we want to increase the consumption of cotton, whether it is good grade or low grade.

Senator BINGHAM. Well, you want to increase the consumption of low-grade cotton that does not help the farmer who raises the high-grade cotton.

Mr. ODENHEIMER. Oh, yes; it will.

Senator GEORGE. If it is sold in the market it will help him.

Senator BINGHAM. It is sold on the market according to grade?

Senator GEORGE. Yes; you raise so much cotton. It is sold on the exchanges.

Senator BINGHAM. We were told that much of this is raised in the West by machinery, where they can use machinery.

Senator GEORGE. They do grow a large amount of low-grade cotton in all cotton growing States.

Mr. ODENHEIMER. As to the price of cotton, I state that the more cotton is consumed the higher the price per pound, naturally; the less cotton we consume the more cotton will be left over at the end of the year. So from an economic principle, demand and supply should make the price of cotton, and thus at the end the more cotton that is used the higher the price will be. The more cotton that is made, the lower the price of cotton. Now as we can not help the farmer in the supply of cotton, because we can not tell him how to make more or less cotton, as nature provides for that, we can help him by finding a new use for his cotton. And I figure, as I started out to say, that there will be an increase in the value of the cotton crop, a 15,000,000-bale crop to, say, \$240,000,000. That will be additional wealth for the United States. The wealth, of course,

will go to the southern cotton grower, and he will distribute this \$240,000,000 all over the United States for things that he has to buy which are made in the East and West, and on the Pacific coast, and any other part of the country. He is not going to keep this \$240,000,000. He distributes it.

Senator BINGHAM. How much high-grade cotton do we sell to India?

Mr. ODENHEIMER. None.

Senator BINGHAM. Are you sure?

Mr. ODENHEIMER. Sure; absolutely.

Senator BINGHAM. Do we sell no cotton to India at all?

Mr. ODENHEIMER. No, sir. If you do, it is a few thousand bales.

Senator SACKETT. They raise it there.

Mr. ODENHEIMER. Yes; our principal competitor for cotton.

Senator BINGHAM. You sell no long-stapel cotton there?

Mr. ODENHEIMER. India does not make cloth, unless it is in the last few years.

Senator BINGHAM. Do we sell any cloth in India?

Mr. ODENHEIMER. No, sir; England does, but we do not.

Senator SACKETT. It would be cheaper to get the Egyptian cotton there.

Mr. ODENHEIMER. Yes, sir.

Then I claim that in making the cotton cloth to take the place of burlap, that it would require a great many cotton mills—a great many cotton spindles, and a great many looms. Unfortunately, as you know, Senators, the cotton textile industry is the only industry in the United States that has not shared in the general prosperity for the last three years.

Senator BINGHAM. Well, can the ordinary cotton textile mills make this kind of sacking?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. Does it not require special machinery?

Mr. ODENHEIMER. No, sir.

Senator BINGHAM. It does not?

Mr. ODENHEIMER. No, sir. The cotton textile, or let us call it the cotton mills, are producing now, or could produce a great deal more cloth than there is demand for. I have not got the exact figures, but I am sure I will not be over 5 per cent wrong—the cotton mills in the United States only run 65 per cent production. The cotton mill industry is in such bad shape, especially in New England, that the mills are closed down, and they sell the machinery second hand, and they sell what is left of buildings to real estate for other purposes. The mills in New England that were worth \$10,000,000 eight years ago, maybe six years ago, are worth to-day \$500,000.

The southern mills are slightly better off than the eastern mills, for the reason that the eastern mills specialize in the finer grades of cotton cloth, cloth that was used principally by women. The South specializes in the heavier grades of cotton cloth. The New England mills suffer more than the southern mills, because the women do not wear much cotton cloth—or any kind of cloth.

The southern mills produce, or could produce, and are producing a great deal more cotton cloth than there is demand for.

Now if you put a sufficient duty on jute and burlap, we will be able to produce cotton cloth to supplant burlap, by the existing mills.

And they will become anyway self-sustaining again—I will not say prosperous, but at least self-sustaining. When I say an industry is self-sustaining, it must pay at least 8 per cent to its stockholders, because a stockholder is entitled to a recompense for his money as well as the laborer is for his work.

If you pass this tariff you will at once increase the value of the cotton mills in the United States over \$200,000,000, because you will put them on a dividend-paying basis.

Senator SIMMONS. You mean the whole bill? You do not mean this schedule?

Mr. ODENHEIMER. I mean a duty on jute. Jute is now on the free list. Jute pays no duty. It is on the free list. We want a duty on that, and we want a duty on burlap, the manufactured products of jute.

Senator SIMMONS. Did I understand you to say a duty on jute would be worth \$200,000,000 to the cotton spinners?

Mr. ODENHEIMER. To the cotton spinners, yes, because, as I said, it would permit them to work again full time. I stated that I believe the mills in the United States now are 65 per cent capacity. Now that also means that you pay the labor that is employed in the cotton mills of the United States 65 per cent of their weekly wages. Now we all know, and especially of late on account of the strikes, that it has been said that the cotton mill labor in the United States is the poorest paid labor in the United States. Now try to help, through legislation, so that we can pay that labor something like American wages. They are getting American wages, but they are not working full time. And we want them to work full time.

I want to explain—because that seems to be the real question at issue—while you may grant me that I am right that the United States wealth will be increased to the extent of \$440,000,000, but you may say that some part of the country that may have to buy cotton sacks instead of burlap, will suffer. But I contend, and I can prove it, that you can make a cotton sack having the same strength as the jute sack, as cheaply as you can make a burlap or jute sack; for this reason: The jute fiber is only one-third as strong as cotton fiber; I mean the jute fiber that goes in the burlap, so we do not have to put in the same poundage in the cotton cloth to obtain the required strength for the purposes, but we put in a little less than half and obtain the strength. So while jute is cheaper and cotton is dearer, but cotton has the great advantage of being so much stronger in the fiber than jute, and we can produce a sack for any purpose, either for potatoes, or wheat, or fertilizer, at the same price as they can buy a jute sack.

Senator SACKETT. Well, it is a better sack, too, in other ways, is it not?

Mr. ODENHEIMER. Well, cotton, of course, is a much better sack. We know that jute fiber is the very poorest fiber; it is the poorest fiber we have got. It will absorb water readily and retain it, and, therefore, is subject to rot and fermentation.

Senator SACKETT. Now, let me ask you this: If you can use less weight of material, and you can make a cotton sack for a less price than a jute sack, and then the cotton sack is a better sack than the jute sack in other ways, why do we need any tariff on jute? Why do we not go ahead and make it and then get a good selling organization and go out and tell these fellows that you have got a better sack at a less price? Why have we not got what we want right there?

Mr. ODENHEIMER. It is impossible for cotton to compete with jute if you leave jute as it is now—

Senator SACKETT. Did you not say you can make a cotton sack—

Mr. ODENHEIMER. Let me explain it.

Senator SACKETT. Yes.

Mr. ODENHEIMER. But you must first get people that are willing to do it. It is quite an undertaking to convince a farmer that a sack that weighs, say, a pound if made out of burlap, and weighs less than a half pound made out of cotton, that that will suit his purposes. It will take years to do that. In other words, it requires education in that respect, and in that respect I can give you a very good illustration.

In 1888 jute for covering cotton bales sold for about 6½ cents a yard—in 1888. Overnight they combined the jute mills, the bagging mills in the United States, and they advanced the price to double overnight. There was a great outcry in the South. They knew, of course, jute could not be worth twice as much overnight; there must be a reason. A Mr. Gratz, of St. Louis, who, I believe, is still connected with making bagging for cotton, stated that they are going to charge as much as they please for their bagging, and people that didn't want to pay the price did not have to buy it. He stated that at a congressional investigation, I believe, I have got dates, and everything. There was a great outcry in the South. The South felt they were taken advantage of. And I went to work to see whether something could not be made out of cotton that could compete with jute bagging at a price then selling at 12½ or 13 cents. And I invented a peculiar weave which enabled me to use three-fourths of a pound of low-grade cotton to make a fabric that was stronger and better adapted for covering cotton, that weighed 2 pounds to the yard. And at that time 4,000,000 yards were sold. The Government, the Department of Agriculture, was testing out this cotton bagging two years ago, or a year and a half ago, when again the jute bagging was very high and sold to the farmer for some 15 or 16 cents a yard when it probably cost them 8 cents a yard, and cotton bagging came again into use, and there was great deal of investigation going on. The Department of Agriculture took hold of it. And they wrapped eight bales of cotton in that three-fourths of a pound cotton bagging with my peculiar weave, that anybody can imitate—no patent on it; and also wrapped eight bales in jute bagging, or flax, what we call very heavy burlap. And they shipped this cotton to Europe all at one time, in the same steamer, had it unloaded there, and reweighed there, and put on the steamer and sent back here, and then they took pictures of the cotton and weighed it to find out which bagging stood the test the best.

And the report of the Government is made a part of the proceedings of the Ways and Means Committee. You may find it in that green book, in this book here [indicating]. And it says there that the Government found that the cotton bagging weighing three-fourths of a pound to the yard was much better than the jute bagging that weighed 2 pounds to the yard; it stood the gaff better. It was in every way superior. So this goes to show that what was tried in 1888 can be tried for another fabric.

You must not expect that we can make something out of the superior fiber, cotton, as against the worst fiber in existence; that is, jute, that

is the worst fiber we have got—that you can make something out of that fiber, and without being able to use less quantity—less weight. And I contend if you give us an opportunity, just like we did when we started this country—the first protection was not called a protective tariff. What did you call it? An infant industry—to protect infant industries. This will be an infant industry. And we are going to keep the cotton mills of the South to make a fabric that is as cheap as that made out of jute.

Senator SACKETT. Do the same job?

Mr. ODENHEIMER. To do the same job, and it will be the same price.

Senator SACKETT. Then your contention is that you have a sales resistance to meet?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. And that sales resistance is among the farmers, a very conservative element, and very difficult to overcome?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. But you have also a sales resistance to overcome with the furniture people, who are using the jute for packing furniture, and they find it lighter, and that is not so difficult to overcome.

Mr. ODENHEIMER. With the furniture men we could overcome it very easily, because we make it so much closer. The cotton is woven closer than the jute, because it is so much finer.

Senator SACKETT. Then it seems to me, even without the tariff, if you had a sales organization, you could get away with this thing.

Mr. ODENHEIMER. No; you could not. You see, there is too much at stake. If you could do this thing to-day, with the price of burlap, 8-ounce burlap sells at 9 cents a yard, and 40 inches wide sells at  $8\frac{1}{2}$  or 9 cents. Now we would have to put up a cotton fabric weighing about 4 ounces in order to compete with that price. Now when we go to the farmer it would require some little talk and some time before he would imagine that that lighter fabric would be strong enough to do his purposes.

Senator SACKETT. That is sales work; is it not?

Mr. ODENHEIMER. I know, but you must give us an opportunity and a chance, and the ability to do this work, which is rather an expensive piece of work.

Senator SACKETT. But after you have got it down that you could sell with the tariff you would put the price up.

Mr. ODENHEIMER. Senators, I tell you, give us this tariff for four years, and we do not need any more tariff; you can take it away then.

Senator SACKETT. Now you are getting down to something that is very reasonable.

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. Maybe you could take a sliding-scale tariff.

Mr. ODENHEIMER. Yes; that would be satisfactory.

Senator SACKETT. And you could get away with this whole thing and build up the cotton business and not force a higher price upon the other farmers that have to use it.

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. That would seem to me very much more reasonable.

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. But if you do not get a higher price for it than you are getting now, from where would you get your increased price for cotton?

Mr. ODENHEIMER. Because we establish a new use for cotton. And, gentlemen, if it were not for the automobile industry—the automobile industry takes about, I would say, one-third in poundage of the entire cotton crop now. If it were not for the automobile industry, I do not know what the southern farmer would get for his cotton; probably 4 cents a pound. Now that automobile industry came in right at the time when the burlap importation increased and the women wore less dresses, or wore dresses made out of silk. Now, the more new uses we find the more we balance the price of cotton with other agricultural products in the United States. In other words, the more we are able to give the southern cotton grower the advantages that this country gives to its inhabitants, that we are able to live in comfort and have the luxuries that American life is willing to give us. Every time that you find a new use for a bale of cotton you increase the price of cotton. Every time that any other material comes in, like silk, and artificial silk, rayon, and replaces the use of cotton, you reduce the price of cotton.

Senator SIMMONS. Now, you spoke of silk. Now, in order to increase the price of cotton, do you have to have a high tariff on silk?

Mr. ODENHEIMER. That would not help us any.

Senator BINGHAM. If you keep all silk out, that would help you?

Mr. ODENHEIMER. The people that buy silk don't care whether it costs a dollar or three dollars a yard.

Senator SIMMONS. That applies to the rich people.

Mr. ODENHEIMER. The poor people are dressing as the rich people; they are using so much less yardage.

Senator BINGHAM. Do you mean if the 40,000,000 women who are now wearing silk stockings, if you put a prohibitive duty on it, would not wear cotton stockings?

Mr. ODENHEIMER. It doesn't matter what you put on it, they will get it. You can't keep out rayon. That is made here.

Senator SACKETT. That is made here.

Mr. ODENHEIMER. That is made out of fiber, or leaves, or such things.

Senator SIMMONS. The people engaged in the rayon business are not engaged in silk manufacture. If you destroy the silk manufactures by putting a prohibitive tariff on silk, you can recognize in this argument you are making, it means a battle royal between the industries of this country, between one and the other, in order to make a market for its own product.

Mr. ODENHEIMER. In destroying a market for jute we are only dealing with India.

Senator SIMMONS. Does not the argument apply just as much to silk? We import all the raw silk we use.

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. We raise practically no raw silk in this country, We have no duty on raw silk.

Mr. ODENHEIMER. No, sir.

Senator SIMMONS. Suppose we put a prohibitive tariff on to put the manufacturers in this country out of business in order to make a larger market for cotton, that would destroy it. Would you do that?

Mr. ODENHEIMER. Senator, you would not destroy the market for silk by putting a heavier duty on the silk. You would help the rayon.

Senator SIMMONS. You put a prohibitive tariff on silk——

Mr. ODENHEIMER. But we have the artificial silk in this country.

Senator SIMMONS. You are begging the question now.

Senator SACKETT. A substitute for silk is not cotton. The substitute for silk is rayon.

Mr. ODENHEIMER. Yes; as a matter of fact, rayon is silk. There is no difference between rayon and real silk.

Senator SIMMONS. There are a great many people that used to use cotton who are now using silk.

Senator BINGHAM. On the other hand, Senator, a great many people who used to buy fine silk shirts are now buying fine cotton shirts.

Mr. ODENHEIMER. The industry which is suffering by your putting a duty on jute is the people that have their money invested in India in the jute mills, and the people, the agricultural element of India that raises jute.

Now, the capital invested in India in jute mills is probably \$150,000,000. A great deal of this capital is invested by American people. We have statistics that tell us that these Indian jute mills make an average of 55 per cent dividend.

Senator SACKETT. You say there is American capital invested in Indian jute mills?

Mr. ODENHEIMER. Yes; in 1922 or 1923 American jute spinners and jute cloth producers moved their machinery to India, because it was to their interest to do so. But if you raise the duty as it is intended, you may still probably get burlap into this country at the same price that you get it now, because the owners of the mills may forego to pay themselves these extravagant dividends that they have been paying, and the very large amounts they put to surplus account every year, in order to see whether they can not keep burlap in the United States, by selling it that much cheaper.

Senator SACKETT. If that is the case, a duty would not help the cotton business.

Mr. ODENHEIMER. Maybe not, but it would help the United States.

Senator SACKETT. Why?

Mr. ODENHEIMER. Suppose they would bring more in——

Senator SACKETT. It would make it cheaper?

Mr. ODENHEIMER. No; but suppose they bring over the burlap in the same quantity they have been bringing it over, they will hand over to the United States, in our customhouse, this sum of money in line with the duty that we are going to impose; and besides, take that money which belongs to the people of the United States, and take that money and put it on as an expense account, and take that much less dividend——

Senator SACKETT. And you say it belongs to Americans anyhow over there?

Mr. ODENHEIMER. But we are not looking out for Americans with Indian labor; we are looking out for Americans that employ American labor.

Senator SACKETT. That is true, but they would not employ American labor if they just reduced their profits and brought it over on less profit. How many are there, if you can tell us?



Mr. ODENHEIMER. There may be 10 Americans that have money in Indian cotton or jute mills; maybe 10 or 20. I think not not over five.

Senator SACKETT. I thought you said there were about 50.

Mr. ODENHEIMER. No; you will have some gentlemen before you that you can ask. They will know. I think probably five.

Senator BINGHAM. You mean five concerns?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. And with the stockholders, it would have a large effect on them.

Mr. ODENHEIMER. There are very few stockholders.

Senator BINGHAM. And your proposal would affect the people in this country who are now engaged in manufacturing jute sacking?

Mr. ODENHEIMER. That is a different proposition.

Senator BINGHAM. And you would put them out of business?

Mr. ODENHEIMER. No; I will come to that in a minute.

Senator SIMMONS. Some of the people in your country went over to Cuba and set up sugar refineries, instead of continuing the business in the United States.

Mr. ODENHEIMER. They do not deserve any protection. I do not understand the principle is to protect the ones who manufacture out of this country. We are not putting on a tariff to improve the bank accounts of the bondholder.

Senator BINGHAM. Do you want to put a tariff on the importation of raw jute, that when it gets to this country employs American labor in its manufacture?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. And if you put on the tariff so that the raw jute does not come into this country, then the American labor that is now engaged in the manufacture of sacking from the raw jute, and so on, will lose their jobs.

Mr. ODENHEIMER. No; they are going to make it out of cotton, make the sacks out of cotton. The same amount of bags are to be used. The same men that are engaged in making the jute bags will be engaged in making these cotton bags.

Senator BINGHAM. They would not get their jobs back, because the people would come over from the jute industry.

Mr. ODENHEIMER. No; you do not get me right, Senator. Suppose now for argument sake you cut out jute altogether, the bag men will make as many out of cotton as in the past they made out of burlap.

Senator SACKETT. But you have that 55 per cent profit over there in India, all of which you have got to absorb before you can keep these bags out; and it is going to be hard work—

Mr. ODENHEIMER. Well, the United States can't lose anything either way. They, as I suggested, the jute bagging people, or the burlap people in India, should be willing to forego the immense profit they are making out of the American people and the bags they are sending over here. They are making 100 per cent profit on the manufacture of their bags; they have got to charge that in order to make 55 per cent over there.

Senator BINGHAM. That is a very broad statement for one to make under oath. Remember you are under oath, and you have no means of proving what you have just said, have you?

Mr. ODENHEIMER. About the 55 per cent?

Senator BINGHAM. No; the 100 per cent.

Mr. ODENHEIMER. I said they were making 100 per cent profit. I said they are making now 100 per cent profit on the American people, in making 55 per cent profit over there.

Senator BINGHAM. Are you sure you can prove that statement?

Mr. ODENHEIMER. I can prove it indirectly. It is on record that they are making an average of 55 and 60 per cent. It is in the Ways and Means Committee record.

Senator BINGHAM. I am not questioning that. I am questioning the other statement you made about the 100 per cent profit they are making out of the American people.

Mr. ODENHEIMER. I have not seen their books.

Senator BINGHAM. Then you have no right to make that statement under oath.

Mr. ODENHEIMER. Let me put it this way: Judging from the amount of money they are making in their industries in India, that from the knowledge I have as a cotton and textile man, and as a man that understands somewhat financial questions, that I believe they are making over 100 per cent profit on their burlap they are selling in this country.

Senator SIMMONS. If they are making that much they could pay a very heavy duty and still bring them in.

Mr. ODENHEIMER. That is what I said. They could bring in the burlap as in the past and simply let it be absorbed; the money they pay in the customhouse will be one of their expense accounts and they will still be able to exist.

Senator SACKETT. Then they will simply pay it into the Government instead of paying themselves.

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. That will be the only difference in the transaction, a difference in the result of where they pay it?

Mr. ODENHEIMER. That will be the difference in the transaction.

Senator SACKETT. Then it is a tariff for revenue only.

Senator SIMMONS. If they are making 100 per cent over there in their sales to the American people, how much tariff would we have to put on in order to keep them out?

Mr. ODENHEIMER. That would have to be figured out, Senator.

Senator SIMMONS. I wish you would figure it out and let us know. It is a remarkable proposition. If they are making 100 per cent profit in India to-day, it would take a large duty to keep them out, because they could afford to come in on 10 or 15 per cent.

Mr. ODENHEIMER. The duty that you impose, that is just a matter of figures. If you give me an hour or two hours, I could figure it out.

Senator SACKETT. Can you tell us the amount of duty that Senator Ransdell, in his bill, seeks to impose? That is a bill that comes from Louisiana.

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. Now the company has gone over there, but he is supposed to have looked into that, and all of you who are behind that, are for a certain duty there?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. What is that duty?

Mr. ODENHEIMER. It varies—

Senator SACKETT. On raw jute?

Mr. ODENHEIMER. I believe 3 cents, on raw jute.

Senator SIMMONS. Three cents a pound?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. What is the cost of raw jute now?

Mr. ODENHEIMER. I believe 2½ or 3 cents a pound.

Senator SACKETT. That would be 200 per cent duty?

Mr. ODENHEIMER. Yes, sir.

Senator SACKETT. That is what they are asking for.

Mr. ODENHEIMER. On raw jute; yes.

Senator SACKETT. It would be about an equivalent on other things, would it not?

Mr. ODENHEIMER. Yes; it would require the amount of duty that is proposed, in order to allow the substitution of cotton for the jute fiber.

Senator SIMMONS. Let me ask just one question: I understood you to say that if we can keep jute out of this country, that the profits to the American people will be \$500,000,000?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. That is, keep it out altogether?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. To put a sufficient duty on it to prevent imports of the raw material or manufactures of it into this country?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. That would be worth that much?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. We would at the same time turn over to the cotton manufacturers of this country the sole and exclusive market for furnishing the things that are now wrapped up in jute and burlap?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. Not exclusively; as I understand it—and the Senator knows so much more about it than I do, that I hope he will correct me if I am wrong—a large part of the wrapping for cotton bales, which I understand in 1927 was about 125,000,000 yards of burlap, was used in that year, 25,000,000 yards of that came from the old sugar sacks that came into this country without paying any duty.

Senator SIMMONS. Some of it, undoubtedly.

Senator BINGHAM. About 20 per cent of it.

Senator SIMMONS. But you want to keep it all out.

Senator BINGHAM. Then he would have to force the sugar all to come into this country in cotton sacks.

Senator SIMMONS. That would turn the manufacture of sacks over entirely to this country. The cotton producer and the wheat producer have two sources of supply now; if the price of jute is too high, they can go to the cotton; and if the cotton is too high they can go to jute. Do you get that?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. And therefore he can protect himself against an exorbitant price either for cotton bagging or for jute bagging, because he has those two competitors to choose from.

Mr. ODENHEIMER. Senator, we are not asking to exclude jute entirely—

Senator SIMMONS. I know, but—

Mr. ODENHEIMER. We want you to put a sufficient duty on there to protect us.

Senator GEORGE. You do not mean to exclude it?

Mr. ODENHEIMER. No, sir.

Senator GEORGE. You want sufficient duty for protection, is that your idea?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. If you get that duty—you want 200 per cent duty, which probably would exclude raw jute?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. That is the reason you are asking for that duty?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. And you are asking for a duty that you think will exclude it?

Mr. ODENHEIMER. Senator, we do not want to exclude raw jute, but we want to put a duty on raw jute so that we can compete with it with cotton.

Senator SIMMONS. I did not understand you wanted to fix a competitive rate, but you wanted to keep it out so as to enable the cotton manufacturer to get the whole business.

Mr. ODENHEIMER. We hope to keep it out.

Senator SIMMONS. And then you said it would make a market for a million more bales of cotton?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. That is what you meant?

Mr. ODENHEIMER. Yes, sir.

Senator BINGHAM. Mr. Chairman, may I quote along this line —

Senator SIMMONS. Just let me follow this a moment, Senator.

Senator BINGHAM. Certainly.

Senator SIMMONS. At present the cotton producer and the wheat producer have two sources of supply for bagging. If cotton is too high, they can go to jute, and if the jute is too high they can go to the cotton. If you put a duty on jute sufficient to keep it out and to suppress that importation altogether, then he would have only the one source of supply. Is there any assurance that after you have acquired a monopoly of the market—the cotton manufacturers of this country have acquired a monopoly that they would not increase the prices to the farmer?

Mr. ODENHEIMER. We do not ask for a prohibitive duty. We only ask for a sufficient duty to give us sufficient protection to make it up in competition.

Senator SIMMONS. But the proposition you have made here was that if you could exclude jute from this country that it would make a market for a million more bales of cotton?

Mr. ODENHEIMER. That is right.

Senator SIMMONS. That meant if you could keep it out altogether?

Mr. ODENHEIMER. Yes, sir.

Senator SIMMONS. Now, if your proposition is one to keep it out partially, to put it on a competitive basis, then your proposition that a million bales more of cotton will be demanded and needed to supply the market is based upon a false premise; you have got to change it altogether. If one-half as much comes in, it would be a half million instead of a million; if one-quarter as much comes in as now, it would be one-quarter million.

Mr. ODENHEIMER. May I answer the Senator?

Senator BINGHAM. Mr. Chairman, the previous witness, the man who was just on the stand, at page 5953 of the House hearings, said

this—this is Mr. Wilson, the commissioner of agriculture of the State of Louisiana. He ended his testimony in those hearings in this way:

As commissioner of agriculture of the State of Louisiana, and as one who has consistently with every means at my command studied the agricultural needs of the South for over 30 years, I am prepared to state most emphatically that one of the greatest benefits which can be given the farmer of the South, and which will accrue to his prosperity in a more definite manner than any other one thing, is for the Congress of the United States to take immediate and effective action toward the levying of a tariff on jute and its products which should forever disbar it from participation in this Nation as a competitor of cotton.

That is the proposition.

Senator SIMMONS. Yes; that is what they are asking.

Senator GEORGE. Let me ask if there are not several other articles which are disbarred under the tariff anyway? Let me make that inquiry, if there are not an almost negligible quantity that are coming in of some commodities, and they can be said to be disbarred from further increases.

Mr. ODENHEIMER. Senator, may I answer your question?

Senator SIMMONS. Yes.

Mr. ODENHEIMER. We do not ask to keep out jute and jute products, but we ask that you put a sufficient duty on jute and its products so that we, the American people—the American agriculturist, that is the southern cotton farmer, can produce his cotton on somewhat a competitive basis: besides, that you permit the existing cotton mills to make the cloth that is needed for cotton sacking and other purposes, in order to keep them employed.

Senator BINGHAM. Which is now being made by the jute mill?

Mr. ODENHEIMER. Yes, sir. Now, that does not keep it out. That does not ask for a prohibitive tariff. We hope it will be prohibitive. But if I were the Indian burlap maker I would make it just the same, and I would ship it to the American user and still come out ahead.

Senator SACKETT. Then it would not do you any good.

Mr. ODENHEIMER. Yes; we could not help it, but there would still some come in. You have a duty on steel?

Senator SACKETT. Yes.

Mr. ODENHEIMER. And does not Belgian steel come in here?

Senator SACKETT. Certain grades of it; yes.

Mr. ODENHEIMER. I have seen it unloaded at New Orleans. That might be prohibited, or there might be such a high tariff, that you think it might be prohibited. But they are landing steel products at New Orleans in competition with the American steel maker. And so will the jute people, and the burlap people. They may find it to their interests later on, in spite of the duty you put on, to pay the duty and bring it on in.

Senator SACKETT. That is all right as a revenue raising measure, but unless you are willing to do that, unless you put a prohibitive duty on it, then you can not conceive that it will benefit the American cotton grower to the extent of 1,000,000 bales of cotton.

Mr. ODENHEIMER. Who can tell what is a prohibitive tariff? There is only one thing that is prohibitive. You do not allow certain dyestuffs to come in at any price. But I know of no other that is prohibited, only that one article. You dare not bring dyestuffs of a certain kind in at all.

Senator SACKETT. The wheat duty is prohibitive.

Mr. ODENHEIMER. But if they want to pay the duty they can come in; the tariff does not prohibit the importation of things, unless you specifically say so; and you only say so in one thing, dyestuffs.

Senator GEORGE. The duty is too high; that is what we are talking about.

Mr. ODENHEIMER. Yes, sir.

Senator GEORGE. If it is too high it does not come in. As near as I can make out, that is pretty nearly true of a great many other articles on the list.

Mr. ODENHEIMER. Yes, sir.

Senator GREENE. We are much obliged to you.

**MEMORANDUM SUBMITTED BY HON. FREDERICK STEIWER,  
UNITED STATES SENATOR FROM THE STATE OF OREGON**

[Burlap, par. 1008; jute bags, par. 1018; and jute bagging, par. 1019]

Mr. STEIWER. I am handing to the clerk of this subcommittee, certain letters and telegrams I have received from my constituents objecting to an increased tariff on jute and jute bags. I ask that they be included in the record of the hearings of this committee.

I wish, also, to take this opportunity to point out that an increased tariff on jute and jute bags would result in a special hardship to the farmers of our country who have any occasion to use bags for their produce. There is no practical substitute. The cost of cotton-bag substitutes would be prohibitive. Increasing the duty on this commodity is equivalent to placing a direct tax on the farmer, and tends to upset the benefits which Congress has endeavored to confer by the farm relief bill just enacted.

(The telegrams and letters are as follows:)

[Telegram]

PENDLETON, OREG., *March 27, 1929.*

Senator FREDERICK STEIWER,  
*Washington, D. C.:*

We understand an attempt will be made to increase tariff on jute and jute bags coming into this country. This means added expense to farmers and sheepmen using grain wool or potato bags. We ask you to do all you can to defeat any such attempt.

UMATILLA COUNTY FARM BUREAU.  
JAMES HILL, *President.*

MOSSIE BROS. (INC.),  
*Ukiah, Oreg., April 1, 1929.*

Hon. FREDERICK STEIWER,  
*Washington, D. C.:*

DEAR SIR: I am informed that it is proposed to greatly increase the tariff on jute bags and jute, which will mean an added expense to every farmer using bags for grain or potatoes.

On behalf of the members of the Granges of Umatilla County, Oreg., I beg to register a protest against any increase whatever in the tariff on jute bags, and respectfully urge that you work and vote to prevent any such increase, and instead, to place these articles on the free list.

Very respectfully,

JAMES MOSSIE,  
*Master, Umatilla County Pomona Grange.*

NOON BAG Co.,  
Portland, Oreg., June 14, 1929.

HON. FREDERICK STEIWER,  
United States Senate, Washington, D. C.

DEAR SIR: Ascertaining that Senator Ransdell, Louisiana, has proposed an amendment to the tariff bill now under consideration increasing the duty on burlap and burlap bags to the extent of being practically prohibitive, and which would work an extreme hardship on your constituents, the grain farmers of this State and other industrial enterprises who are large users of burlap bags for sacking their various products, we wired you last evening, giving our viewpoint, with the idea that you could use your influence to prevent the passage of this amendment.

It appears that the cotton interests of the South are promoted by selfish motives, to place this unjust burden on other agricultural interests, which is most decidedly unfair. Their idea is to so increase the duty on burlap and burlap bags so that it might be possible for the southern cotton mills to increase their production of cotton cloths as a substitute for burlap. But, as manufacturers of both cotton and burlap bags, we know that such substitution is extremely limited.

Jute, the raw product for burlap, is grown only in India. It is the world's cheapest fiber, and the value of this material will run approximately 12 cents to 13 cents per pound, including present duty at 1 cent per pound. This is approximately the market in New York at the present time. In comparison with this, the present price of raw cotton is approximately 18 cents per pound, and the cost of the cheapest possible cotton cloth as a substitute for burlap—which substitution would be very limited—is approximately 26 cents per pound.

You can readily understand that increasing the duty on burlap from 1 cent per pound to 5 cents per pound, or even 10 cents per pound, would not place cotton on a competitive basis with burlap, and would only serve to inflict a needless burden on the wheat farmers of Oregon, Washington, and California, and commercial enterprises who use burlap bags for sacking their products. The present duty of 1 cent per pound on burlap amounts to approximately \$7.50 per 1,000 on wheat bags, which is a reasonable and adequate tariff for revenue only.

If the duty on burlap were increased to 5 cents per pound, it would increase this duty to \$37.50, or approximately \$30 per thousand, 3 cents per bag. Burlap would still be cheaper than any cotton cloth could be manufactured, it would not result in an increase in the consumption of cotton or cotton cloth, and would embody a needless and burdensome expense to the farmers and consumers of burlap bags.

India is one of the largest consumers of cotton cloth, which is made from American cotton, and it is hardly to be expected that the Indian or British Government would let pass a vicious tariff legislation against the importation of burlap into this country without retaliating against American cotton.

We sincerely trust you will do your utmost to prevent this rank discrimination against the farmers of your State, and prevail upon the Senators of Washington and California to also protect their constituents.

Yours truly,

NOON BAG Co.,  
J. A. DOWLING,  
Manager.

[Telegram]

PENDLETON, OREG., June 15, 1929.

Senator FREDERICK STEIWER,  
Senate Office Building, Washington, D. C.:

Proposal to amend tariff bill increasing rate on burlap and burlap bags would prove detrimental to the wheat growers of Pacific Northwest. Oregon and Washington produce about 70,000,000 bushels of wheat annually, and according to records of terminal inspection at Seattle and Portland 70 per cent arrives in bags. Agricultural committee of commercial association strongly urge that such an amendment be defeated in the interests of agriculture. Producers in this territory use burlap bags universally, and after investigation it is apparent that an effort to substitute cotton bags would prove futile.

GEO. C. BAER,  
Executive Secretary Pendleton Commercial Association.

[Telegram]

PORTLAND, OREG., June 13, 1929.

HON. FREDERICK STEIWER,  
*United States Senate, Washington, D. C.:*

Understand an amendment has been proposed in the Senate asking for prohibitive duties burlap and burlap bags schedule. As a distributor of grain bags we protest against any move to increase present tariff rates, which would be detrimental to agricultural interests on entire Pacific coast. This matter is of utmost importance to wheat raisers in the northwest and we can not urge you too strongly to vigorously oppose any attempt to increase present tariff rates.

BALFOUR GUTHERI &amp; Co.

[Telegram]

PORTLAND, OREG., June 14, 1929.

HON. FREDERICK STEIWER,  
*United States Senate, Washington, D. C.:*

Understand amendment has been proposed in Senate asking for prohibitive duties burlap bags. Any increase in tariff covering these commodities would place a heavy and unjust burden on wheat farmers on Pacific coast and particularly Northwestern States. Hope you will do what you can to defeat this movement or any other legislation having the effect of increasing tariff rates burlap and burlap bags.

STRAUSS &amp; Co. (INC.).

[Telegram]

PORTLAND, OREG., June 15, 1929.

HON. FREDERICK STEIWER,  
*United States Senate, Washington, D. C.:*

Understand proposed amendment to tariff bill calling for increased rates on burlap and burlap bags to such an extent as to be practically prohibitive. Proposed increase inspired by cotton interests from selfish motives. Even if made effective, would be futile, as cotton bags can be substituted for burlap bags only to limited extent. Burlap and burlap bags used so universally by agricultural and industrial enterprises in this country, particularly on this coast, that increase in tariff rates would place heavy unjust burden on farmers and manufacturers. Brief submitted to Ways and Means Committee, January 31, 1929, fully covers matter. Urge your support killing this amendment, also any other proposed to increase import tariff rates on burlap and burlap bags.

PACIFIC COOPERATIVE WOOL GROWERS,  
 By R. A. WARD, *General Manager.*

## BRIEF OF THE CHARLOTTE BAGGING CO. (INC.), CHARLOTTE, N. C.

[Burlap, par. 1008; jute bagging, par. 1019; also including raw jute, par. 1693]

### FOREWORD

During the past few weeks there has been a lot of agitation from some interested groups in regard to the substitution of cotton goods for jute and jute products.

An attempt is being made to create the impression that jute is a competitor of cotton, and that jute and jute goods are replacing cotton goods in the American markets, and that it should be excluded from the United States by prohibitive duties.

This appeal is being made on the ground that it will be of benefit to the American farmer, and since the American farmer is being appealed to by the advocates of this measure, we will show in the following pages the amount this substitution will cost, most of which will be borne by the American farmer.

### TARIFF RATES PRESENT AND PROPOSED

The advocates of the proposed duty on jute and jute products appeared before the Ways and Means Committee of the House of Representatives, and asked



that a duty of 3 cents per pound be placed on jute and jute butts, old bagging and sugar bag cloth, 9 cents per yard on manufactured bagging for covering cotton bales, and 10½ cents per pound on manufactured burlap imported into the United States, and in this way prohibit the use of jute and jute goods, and force the use of cotton goods instead, for bags, bagging, and other wrapping material, with no regard for the increased cost to the consumer.

This appeal is being made on the ground that it will increase the price the cotton farmer receives for his cotton, and therefore, help the cotton farmer, but is unreasonable to believe that doubling the cost of agricultural wrapping material will be of benefit to the American farmer. The truth is that a small group of cotton spinners hope to increase their profits at the farmers' expense.

*Tariff on jute and jute products*

|  | Present              | Proposed              | Increase            |
|--|----------------------|-----------------------|---------------------|
| Raw jute, jute butts, and waste bagging..... | Free.....            | 3 cents per pound.... | 3 cents per pound.  |
| Jute bagging.....                            | ½ cents per yard.    | 9 cents per yard....  | 8½ cents per yard.  |
| Burlap.....                                  | 1 cent per pound.... | 10½ cents per pound.. | 9½ cents per pound. |

**THE AMERICAN FARMER CAN NOT GROW JUTE**

The American farmer can not grow jute. The only place where jute can be grown commercially is one small area in Bengal, India. India can grow cotton, and does grow about 5,000,000 bales per year, or about one-third the American crop.

India exports annually, chiefly to the United States, 1,500,000,000 yards of burlap, while it imports 2,000,000,000 yards of cotton goods from Great Britain, which is largely made from American cotton. Thus India consumes annually approximately 600,000 bales of American cotton, for which it pays by exporting burlap. If the market for Indian jute and jute products is destroyed by prohibitive tariffs in the United States, India will and must turn to the cultivation of cotton. The result will be that while the total exclusion of jute might cause the use of an additional 400,000 bales of cotton in the United States, it would result in the loss of an export market for millions of bales of American cotton now shipped to Europe, as Europe would be forced to buy Indian cotton in order that India could pay Europe for cotton goods.

**IMPORTS OF JUTE AND PRODUCTION AND CONSUMPTION OF COTTON**

It is stated by the advocates of this measure that jute products are replacing cotton goods.

Since 1921 jute and jute products have been imported into the United States in the following amounts and forms:

| Year      | Jute and jute butts | Jute yarns (pounds) | Jute bagging (pounds)      | Jute burlap and cloth (pounds) | Jute bags and sacks (pounds) | Total (pounds) |
|-----------|---------------------|---------------------|----------------------------|--------------------------------|------------------------------|----------------|
| 1921..... | 139,811,840         | 9,391,090           | { 5,395,200<br>6,744,000 } | 475,055,522                    | 64,482,126                   | 700,879,778    |
| 1922..... | 174,583,360         | 4,421,826           | 37,822,518                 | 510,023,249                    | 47,590,636                   | 774,441,589    |
| 1923..... | 188,112,960         | 8,536,236           | 43,907,135                 | 601,987,594                    | 35,092,656                   | 877,636,580    |
| 1924..... | 152,104,760         | 4,708,970           | 64,580,227                 | 512,032,745                    | 31,532,358                   | 764,959,060    |
| 1925..... | 144,482,240         | 1,237,102           | 65,893,339                 | 623,407,415                    | 46,891,165                   | 881,916,261    |
| 1926..... | 154,029,120         | 1,807,141           | 97,167,066                 | 600,564,344                    | 41,638,529                   | 895,206,100    |
| 1927..... | 207,017,600         | 2,980,842           | 87,317,216                 | 571,055,846                    | 37,485,815                   | 905,857,319    |

During the same period the production and consumption of American cotton has been, in thousands of pounds, as follows :

| Year      | Raw cotton production (1,000 pounds) | Consumption of cotton in United States mills (1,000 pounds) | Exports of raw cotton (1,000 pounds) | Exports of cotton goods |
|-----------|--------------------------------------|---|--------------------------------------|-------------------------|
| 1921..... | 3,976,821                            | 2,703,500   | 3,237,000                            | \$117,234,542           |
| 1922..... | 4,881,035                            | 3,914,000   | 3,057,000                            | 138,701,617             |
| 1923..... | 5,069,836                            | 3,260,500   | 2,639,500                            | 138,045,354             |
| 1924..... | 6,813,968                            | 2,761,000   | 3,397,500                            | 132,710,741             |
| 1925..... | 8,061,840                            | 3,216,500   | 4,266,000                            | 148,239,365             |
| 1926..... | 8,877,500                            | 3,342,000   | 4,524,000                            | 131,064,931             |
| 1927..... | 6,389,000                            | 3,703,500   | 4,739,000                            | 133,293,000             |

Comparing the year 1913 with the year 1927, the use of cotton in the United States has increased 50 per cent more than the use of jute, while the export value of American cotton has increased 160 per cent. This hardly indicates that jute has taken the place of cotton. The figures are as follows:

*Jute and cotton*

|   | 1913         | 1927          | Per cent of increase |
|---|--------------|---------------|----------------------|
| Total imports jute and jute manufactures (pounds).....      | 756,358,796  | 905,856,519   | 19                   |
| Cotton consumed by United States mills (running bales)..... | 5,786,330    | 7,189,585     | 24                   |
| Exports of cotton manufactures from the United States.....  | \$51,510,000 | \$133,059,000 | 160                  |

CONSUMPTION OF JUTE AND JUTE BUTTS

There is about 200,000,000 pounds of jute and jute butts imported into the United States per year, which is consumed here in the manufacture of carpet yarns, wrapping twine, filler for electric cable, packing for water pipes, paper making and mixing with old bagging. If a 3 cents per pound duty were placed on jute and jute butts, cotton would not be used for any of these, and if any substitutes were used it would be from the hard fibers, such as sisal and henequin, and the cost to the consumer would be increased \$6,000,000.

JUTE BAGGING FOR COVERING BALES OF COTTON

In 1926, according to a report of the Secretary of Agriculture, the cotton crop was covered with the following materials:

|                               |                    |
|-------------------------------|--------------------|
|                               | Running yards      |
| New 2-pound jute bagging..... | 62,288,000         |
| Sugar bag cloth.....          | 25,001,420         |
| Rewoven bagging.....          | 13,239,653         |
| Secondhand bagging.....       | 6,156,896          |
| <b>Total .....</b>            | <b>105,685,969</b> |

The Department of Agriculture has reported (Cotton Bagging for Cotton) that a bagging made from low-grade cotton and weighing 12 ounces per yard can not be sold for less than 20 cents per yard at the present price of cotton.

For a 15,000,000-bale crop of cotton about 90,000,000 yards of bagging would be used. Deducting 24,000,000 yards of new sugar bag cloth, which is shipped in as containers for raw sugar, that would still be available, we have 66,000,000 yards to be made from cotton, at 12 ounces per yard, which would be approximately 100,000 bales of cotton. The Department of Agriculture stated in their report that about 40 per cent of the cotton bagging could be used again next season and if so the actual amount of new cotton used would not be more than 60,000 bales, which figured at \$75 per bale would be worth \$4,500,000, while at the same time a duty of 9 cents per yard on jute bagging would increase the cost for covering a 15,000,000-bale crop of cotton \$7,425,000.

## JUTE BURLAP AND BAGS

About 600,000,000 pounds of burlap and bags are imported into the United States from India each year. The Tariff Commission says:

"Burlap bags are superior to cotton bags for shipping rough commodities requiring strength. Burlap is cheaper, does not rip when snagged, and does not stain easily. Cotton bags are, on the other hand, superior for finely ground products. They give off less lint than burlap and they take the imprint of trademarks readily. Under normal conditions there is little competition between the two. Only when the price of one is much higher than that of the other is substitution likely to occur.

"No domestic product serves as a satisfactory substitute for burlap. Cotton cloth is its nearest competitor. Its substitution is limited because burlap possesses a strength which can not be obtained in cotton cloth except at a price much higher than that commonly asked for burlap. Burlap and cotton cloths are each so particularly adapted for certain purposes—burlap for sacking commodities that demand strength of texture rather than closeness of weave, and cotton for sacking pulverized and ground products that substitution is limited and confined to periods when the price of one is abnormally high in terms of the other.

"Burlap bags are cheaper, and because of their greater strength, are superior to cotton bags for sacking heavy commodities such as grain, produce, fertilizer and other rough and bulky commodities. Burlap bags are inferior to cotton bags (1) for small packages; (2) for purposes where possibly the lint of the burlap might affect the contents, such as foodstuffs; (3) where a close woven fabric is required, as for sacking flour, and (4) where the bag is to receive an elaborate trade-mark."

It is proposed to tax this burlap 10½ cents per pound. If this tax is imposed the use of burlap and burlap bags would be greatly reduced, but as there is no substitute for burlap for sacking heavy commodities, and considering these facts, probably 25 per cent of the burlap now imported would still be used or about 150,000,000 pounds.

At least one-half the remaining burlap would be superseded by paper, both as a flat wrapper and as paper bags, just as paper bags have replaced jute and cotton bags for small flour bags, cement, lime, and feed bags.

It is safe to say, therefore, that not more than 225,000,000 pounds of burlap would be replaced by cotton. Owing to the high cost of cotton goods it would be made much lighter than burlap. Cotton goods would weigh only about two-thirds as much as the jute goods it replaced or 150,000,000 pounds, or 300,000 bales. This is the total increased consumption of cotton that can be expected as a result of the proposed duties on burlap. This 300,000 bales of cotton figured at \$75 per bale would be worth \$22,500,000.

On the other hand if a duty of 10½ cents per pound is levied on the 600,000,000 pounds of burlap and bags imported into the United States it will increase the cost to the consumer \$57,000,000 which would be largely borne by the American farmers.

## JUTE AND COTTON BAGGING

It has been stated by some of the advocates of these excessive duties that bagging made from cotton was superior to that made from jute, but the facts in the case disproves this statement.

Referring to Table No. 3 on page 6 of report of the Department of Agriculture in its test of 2-pound jute bagging and 12-ounce cotton bagging on shipment of 120 bales of cotton shipped to Bremen, Germany, no advantage was shown in 12-ounce cotton bagging over the 2-pound jute bagging. As follows:

| Kind of bagging              | Condition of bale on arrival |      |      |
|------------------------------|------------------------------|------|------|
|                              | Excellent                    | Good | Fair |
| 2-pound jute bagging.....    | 4                            | 16   | 14   |
| 12-ounce cotton bagging..... | 5                            | 14   | 15   |

<sup>1</sup> Normal.

"A type of bagging is given a rank of normal if an equal number of bales are found to be above and below 'good' upon arrival in Bremen, Germany.

"To be classed as 'good' bales must be free from actual damage and fairly neat. Marks must be legible and bales must be in fair condition. No more than one band may be missing. Reasonable number of small cuts or torn places permitted. Covering may be loose on one end only."

#### APPEARANCE OF BALES

It is claimed that there is a demand for a neater bale, and that the American cotton bale has been criticized for its ragged appearance upon its arrival in foreign markets.

To any one familiar with the methods of handling the American bales of cotton it will be seen at once that this ragged appearance is not caused by the kind of bagging used, but by the methods of handling and sampling the American cotton. If every bale grown in America were covered with cotton bagging or any other covering it would have the same appearance when reaching foreign markets under the present methods of handling. Owing to the many different grades of American cotton it is sampled by each prospective buyer, which is done by cutting a hole through the bagging on the edge of the bale, through which a sample of cotton is drawn, and as a rule a separate hole is cut each time the bale is sampled.

Below are some photographs of an American bale of cotton covered with cotton bagging, and handled in the ordinary way in which an American bale is handled, which is in just as ragged condition as if jute bagging had been used.

#### EGYPTIAN BALE OF COTTON

The Egyptian bale of cotton is often pointed to and its appearance compared with that of the American bale.

It must be remembered that the methods of marketing and handling the Egyptian bale is entirely different from that of the American bale.

In Egypt there are only about 142 gins with a production of about 1,500,000 bales, while in America there are about 16,000 gins scattered over a very large area.

In Egypt cotton is ginned and baled, after which it is all concentrated in Alexandria, where all sampling and grading is done, and after the cotton is sold it is sent to the compress where an entirely new bale is constructed before shipment, this new bale being covered on all sides and ends with bagging. It can easily be seen that this method would not be practical with the American bale of cotton.

#### STANDARDIZED TARE

Cotton bale covering is being manufactured on practically a standard weight at present. The tare on a standard square bale is 6 yards of 2-pound jute bagging weighing 12 pounds, and 6 steel bands weighing 9 pounds, or a total tare of 21 pounds per bale, and the farmers are paid for their cotton gross weight on this basis, and if prohibitive duties are imposed on jute bagging and the farmers were forced to use light-weight cotton bagging weighing 5 pounds per bale, then there would be a loss to the farmer of 7 pounds per bale on every bale of cotton so covered, which amounts to \$1.40 per bale with cotton selling at 20 cents per pound, or the enormous sum of \$21,000,000 for a 15,000,000-bale crop, in addition to the increased cost for the cotton bale covering.

On page eleven of report of the Department of Agriculture the following statement is made:

"Taking as typical the year 1913, when the production was approximately 13,700,000 bales of 500 pounds each, and when 8,800,000 bales were exported, the following is an estimate of the savings which might accrue from the use of 6-yard pattern of cotton bagging weighing 5 pounds, and a cotton patch 30 inches long, weighing 1 pound per yard."

Various items are mentioned in this table, such as taring in Europe, a saving in freight both foreign and domestic and insurance, all amounting to \$3,917,400.

It is unreasonable to even assume that it will cost more to tare a bale of cotton covered with jute bagging than one covered with cotton bagging. Any one knows that if a bale of cotton is covered with 5 pounds of bagging instead of 12 pounds as at present there will be a saving in weight of 7 pounds per bale on freight charges, but the farmer is losing 7 pounds per bale at the price of cotton, which is more than seven times the saving in freight charges. In other words, the advocates of these prohibitive duties propose to save the farmers \$2,861,400, in freight and insurance, and at the same time hand him a loss of \$21,000,000 in weight

## SUMMARY

From the foregoing facts it can readily be seen that if these prohibitive duties are imposed on jute and jute products the consumption of jute and jute products will be greatly reduced in the United States, but the consumption of hard fiber and paper will be increased.

The most that can be expected is an increased consumption of 400,000 bales of American cotton in the United States, which would have a value of not more than \$30,000,000 and at the same time a decreased export market much greater than this amount.

It will also increase the cost to the consumer for bags, bagging and other products that are now being made from jute \$70,425,000, most of which would be borne by the American farmers, and in addition the cotton farmers would have a loss of \$1.40 per bale if forced to use 12-ounce cotton bagging instead of 2-pound jute bagging as at present.

Respectfully submitted.

CHARLOTTE BAGGING Co.,  
Charlotte, N. C.

**STATEMENT OF HARRY E. WILSON, BATON ROUGE, LA.,  
COMMISSIONER OF AGRICULTURE FOR LOUISIANA**

(Jute bags, par. 1018)

(The witness was duly sworn by Senator Greene.)

Mr. WILSON. Mr. Chairman, I am the commissioner of agriculture for Louisiana and also chairman of the Louisiana division of the Southern Tariff Association.

Gentlemen, I am going to be as brief as possible. I want to state that since Monday we have held a conference of the southern commissioners and their authorized representatives here in Washington and passed the following resolution. It is short, and I hope you will permit me to read it. It is as follows [reading]:

**RESOLUTIONS PASSED AT A CONFERENCE OF SOUTHERN COMMISSIONERS OF  
AGRICULTURE AND THEIR AUTHORIZED REPRESENTATIVES AND ALLIED INTERESTS  
IN SESSION, RALEIGH HOTEL, JUNE 18, 1929**

Whereas there has developed during recent years conditions of intense competition from abroad against our American-grown farm crops; therefore be it

*Resolved by the Conference of Southern Commissioners of Agriculture and their authorized representatives and allied interests—*

1. That we ask for protection on American agricultural products and substitutes.

2. That we cooperate with organized groups, especially farm groups, which are asking for protection.

3. That we do not overstress the things needed for our section against those needed in other sections, but all work together for the common good of agriculture.

4. That it is our desire that this agricultural protection be placed on the same basis as that accorded other industries.

5. That the tariff is an economic question. It is both local and national in its aspects.

*Resolved further.* That in levying tariff duties the same rates be applied against the Philippine Islands when such products from the Philippine Islands are in serious competition with American agricultural products as are levied against other foreign nations, except that they be allowed a preferential rate of 25 per cent.

We urge that the following items, particularly products of our southern regions now practically on the free list, should have a protective tariff, that it may directly benefit our southern agriculture:

Jute and jute products.

Long-staple cotton.

Vegetable oils and oil-bearing materials

Spanish moss or palm fiber.

Those attending the conference were as follows:

**Alabama:** William Howard Smith, representing Department of Agriculture and Alabama Cotton Association, Prattville, Ala. Edward A. O'Neal, representing Department of Agriculture, Montgomery, Ala. D. Webb Hurst, representing State Department of Agriculture, Tuskegee, Ala.

**Arkansas:** Earl Page, commissioner of agriculture, Little Rock. Paul Jones, cotton farmer, Texarkana. C. L. McNutt, secretary, Arkansas Farm Bureau Federation, Little Rock.

**Florida:** Lorenzo A. Wilson, chairman, Florida division, Southern Tariff Association, Jacksonville. R. R. Kerr, tomato grower, Miami. L. L. Chandler, Goulds Growers (Inc.), Goulds. H. T. Bennett, Manatee County Growers Association, Bradenton. Phil S. Taylor, representing State Department of Agriculture, Tallahassee. Herman A. Dann, Florida State Chamber of Commerce, St. Petersburg. G. S. Fletcher, president Florida East Coast Growers Association, Miami. Cary A. Hardee, ex-Governor of Florida, Live Oak.

**Georgia:** Eugene Talnadge, commissioner of agriculture, McRae. W. J. Vereen, representing Department of Agriculture, Moultrie. Thomas S. Kenan, Atlanta Cotton Oil Co., Atlanta. J. H. Mills, Farmers Union, Atlanta. A. Steve Nance, representing Georgia Federation of Labor, Atlanta. T. N. Brown, member of State legislature and cotton farmer, Swainsboro.

**Louisiana:** Harry D. Wilson, commissioner of agriculture, Baton Rouge. S. Odenheimer, textile manufacturer, New Orleans. Ben L. Thompson, representing Louisiana State Chamber of Commerce, Alexandria. C. T. Bourg, sugar and rice, Thibodaux.

**Maryland:** Richard Woods Edmonds, editor Manufacturers' Record, Baltimore.

**Mississippi:** J. C. Holton, commissioner of agriculture, Jackson. J. M. Aldrich, farmer and banker, Michigan City. Edgar Wilson, journalist, Jackson. Horace S. Stansel, representing commissioner of agriculture, Ruleville. P. H. Sanders, State department of agriculture, Jackson.

**Oklahoma:** Z. H. Lawter, representing department of agriculture, Oklahoma City. G. A. Van Nory, representing State board of agriculture, Tishomingo. Ed L. Spears, State board of agriculture, Oklahoma City.

**Tennessee:** Wm. J. Fitts, commissioner of agriculture, Gallatin. S. N. Vannel, fruit and dairying, Cleveland. W. R. Clark, Rutherford County Creamery Association, Murfreesboro. A. E. Markham, representing Cotton Growers Association, Tiptonville.

**Texas:** Ed Woodall, representing Texas and Oklahoma Cottonseed Crushers Associations, Dallas. J. E. Bell, representing chambers of commerce, growers and shippers of Lower Rio Grande Valley, fruits and vegetables, Dan Benito. Roy Campbell, onion grower, Laredo. F. L. Crawford, livestock, Mullen. C. C. Belcher, Sheep and Goat Raisers Association, Del Rio. Brown White, representing Rio Grande Valley Shippers Association, San Benito. A. L. Price, representing shippers and growers in Rio Grande Valley, San Benito. I. R. Stahl, representing shippers and growers in Rio Grande Valley, Weslaco. J. E. Nichols, representing Texas cotton growers, Clarksville. R. B. Creager, lawyer and banker, Brownsville.

**South Carolina:** A. C. Summers, representing department of agriculture, Columbia. Wade Stockhouse, farmer and feed, Dillon. E. W. Doibis, farmer, Waynesville. W. H. Keith, cotton manufacturer, Greenville.

**Virginia:** J. H. Meek, representing department of agriculture, Richmond.

J. A. Arnold, Southern Tariff Association, Washington, D. C. Vance Muse, Southern Tariff Association, Washington, D. C.

I have listened to the remarks of Senator Ransdell in regard to the item of jute. I want to say, in regard to the burden that would be added to the farmer who buys products put up in cotton sacks, instead of jute, in answer to the Senator from Kentucky on the wheat proposition, as you know, practically all flour now is in cotton sacks, and, Senator Simmons, in regard to the fertilizer and feed, the southern farmer is the greatest consumer of both of those items by long odds.

Senator SIMMONS. Fertilizer?

Mr. WILSON. And feed. Do not forget that. A real good southern farmer buys nearly all his feed. I dislike to have to say that. He is the man who will have the burden added to him if there is any burden added.

The southern planter uses around 800,000 tons of fertilizer. My little State of Louisiana last season used 300,000 tons of feed, and 157,000 tons of fertilizer.

Senator BINGHAM. Will not this just double the cost of the sack in which the fertilizer is put?

Mr. WILSON. Not by any means. It may mean a half a cent more, which will mean 10 cents a ton.

Senator BINGHAM. On what do you base that?

Mr. WILSON. The figures that have been already used as to buying sacks. Year before last there was a good deal of fertilizer put up in cotton sacks, a great deal of it.

Senator BINGHAM. How much does a cotton fertilizer sack cost?

Mr. WILSON. I do not know exactly; in round figures——

Senator BINGHAM. I mean exactly in cents how much does a cotton sack cost?

Mr. WILSON. I suppose the sack containing fertilizer would be around a dollar a ton——

Senator BINGHAM. That is not what I ask.

Mr. WILSON. Five cents a sack. There are 20 bags to a ton, 100 pounds each.

Senator BINGHAM. That is only about one-third of the cost of a burlap sack.

Mr. WILSON. Five cents?

Senator BINGHAM. Yes. If you can make and sell a 5-cent sack, what in the world do you want protection on it for?

Mr. WILSON. That is the cost of the burlap sack. The fertilizer manufacturer adds around a dollar a ton.

Senator BINGHAM. I asked you what was the cost of the cotton for fertilizer, and I understood you to say about 5 cents.

Mr. WILSON. I misunderstood your question. I understood you were asking what was the cost of the bags the fertilizer is now being put up in.

Senator BINGHAM. No; what is the cost of the cotton bag for fertilizer? You said they used a great many of them. What is the cost of a cotton sack?

Mr. WILSON. I understood from the figures I got from several of the manufacturers, from a half a cent to a cent more than the jute bag.

Senator BINGHAM. How much does the jute bag cost?

Mr. WILSON. About 5 cents.

Senator BINGHAM. I do not know where you can buy a 200-pound fertilizer sack——

Mr. WILSON. One hundred pounds. Most fertilizer comes in hundred-pound bags.

Senator SIMMONS. Do you raise peanuts?

Mr. WILSON. Very few. In north Louisiana they raise some.

Senator SIMMONS. What do they bag them for?

Mr. WILSON. We do not ship any peanuts commercially. What few we raise will go to an oil mill in bulk.

Senator SIMMONS. My impression is they use cotton bagging for peanut sacks. I am not sure about that, but my impression is that they do not use jute bagging for peanuts. My impression is that when they buy these sacks they have to give all the way from 15 to 20 cents a sack.

Mr. WILSON. No, sir. I have no idea they do.

Senator SIMMONS. I am asking you as a farmer. I am saying I do not know, but I have just an impression to that effect.

Mr. WILSON. Fertilizer—

Senator SIMMONS. I am not talking about fertilizer; I am talking about peanuts.

Mr. WILSON. I do not know about that.

Senator SIMMONS. I was saying that I thought the peanut industry uses cotton sacks. The fertilizer industry uses the jute sacks, and I understood you to say the jute sack costs about 5 cents.

Mr. WILSON. For fertilizer.

Senator SIMMONS. I am under the impression that I have paid 15 cents a sack for peanut sacks.

Mr. WILSON. That is a much larger bag. I would imagine there is three times as much yardage, because peanuts are a very light commodity, and fertilizer is a heavy commodity. It would naturally require three times as much bag to bag a hundred pounds of peanuts as to bag a hundred pounds of fertilizer.

Senator SIMMONS. They do not bag them by the weight. They bag them by the bushel.

Mr. WILSON. A bushel of peanuts is a pretty light commodity.

Senator SIMMONS. Maybe two or two and a half bushels of small peanuts are put in one sack.

Mr. WILSON. The point I was trying to bring out was this—

Senator BINGHAM. I want you to answer Senator Simmons first.

Senator SIMMONS. I think that is a very good comparison. My impression is that the peanut people use the cotton sacks and the fertilizer people use the jute sacks. If we could find the price the farmer has to pay for his cotton sacks for his peanuts, and compare that with what he has to pay for a jute sack for fertilizer, we could come very near finding out the difference between the cost of the cotton and the cost of the jute.

Mr. WILSON. In answer to that, I will get that information definitely.

Senator SIMMONS. I wish you would.

Mr. WILSON. And file it in a brief a little later on.

Senator SIMMONS. I hope you will do that.

Senator BINGHAM. You spoke of wheat a few minutes ago, saying that the southern people buy a lot of feed.

Mr. WILSON. They buy a great deal of wheat in flour, not wheat, but the product of wheat.

Senator BINGHAM. They do not buy the actual wheat?

Mr. WILSON. No, sir.

Senator BINGHAM. Do they buy any oats?

Mr. WILSON. Worlds of them, and mixed feed.

Senator SIMMONS. Do they buy corn?

Mr. WILSON. Yes, sir.

Senator BINGHAM. Or do they grow it all?

Mr. WILSON. No, sir; not by any means.

Senator BINGHAM. The price of a 2-bushel sack made of cotton is 14 cents, and the price of a 2-bushel sack made of burlap is 8½ cents.

Mr. WILSON. A difference of 5½ cents.

Senator BINGHAM. The percentage is quite great. Take a large fertilizer sack. You speak of a hundred pounds. I am more familiar with the 200-pound sack. It is a little easier to handle in freight.



The cost of a 200-pound sack for fertilizer made of cotton is 25¼ cents, whereas if it is made of burlap it is only 13 cents. That is an increase of 100 per cent nearly.

Mr. WILSON. I will try to get those figures verified. It seems to me they are out of line.

Senator BINGHAM. Those come from the textile sack manufacturers.

Mr. WILSON. I want to say that in the South there is very little fertilizer that comes in a 200-pound bag.

Senator BINGHAM. It is relatively the same whether it is 200 pounds or 100 pounds.

Senator SACKETT. One costs twice as much as the other.

Mr. SIMMONS. I do not understand you. You buy 10 sacks of guano to the ton, 200 pounds to the sack.

Mr. WILSON. I am not familiar with what North Carolina pays.

Senator SIMMONS. I think that applies pretty generally.

Senator GEORGE. You are speaking of fertilizer for fruits and vegetables, Mr. Wilson, which is used in your State primarily.

Mr. WILSON. Not my State only. I am speaking also for Mississippi and Alabama. I think it all comes in 100-pound bags.

Senator SIMMONS. Cotton?

Mr. WILSON. Yes, sir.

Senator GEORGE. You will find that different in North and South Carolina and Georgia.

Senator BINGHAM. Mr. Wilson, why is it that the Planters' Cooperative Association of Louisiana, as shown in the House hearings, through their president, Mr. Hedges, is opposed to this proposed tariff, and states that it is unwarranted, and that it will work a hardship on all classes of farmers?

Mr. WILSON. That association is a very small association, and I think I know the reason, but I do not like to say it here.

Senator SACKETT. We would like to have it.

Senator SIMMONS. We ought to have it.

Senator BINGHAM. The Planters' Cooperative Association, of Shreveport.

Mr. WILSON. I know who they are. It seems to me that this Planters' Association is mostly made up of the big merchants around Shreveport who are perhaps interested in another phase of the situation than farming.

Senator BINGHAM. They state that it will increase the cost of all forms of cloth containers.

Mr. WILSON. It certainly will increase it to some extent, but I want to say this as to the price of cotton. We have a very good prospect of cotton this year, and if we raise over a 15,000,000-bale crop, we are going to have a surplus. The trouble with the cotton crop every year in the South is overproduction, as the Senators from the cotton producing States know. We feel, as Senator Ransdell has said, that we can increase the consumption by new uses of cotton, and that we have to do it. Of course, you all know that Hollywood has decreed that women will not wear many clothes, and they do not wear them. The men do not wear as many as they did. Something, however, will come along to take the place of the clothes that have been discarded by the folks of this country. I guess that fashion will stand a long while. Senator Simmons and Senator George I know

have attended many cotton production meetings, and they do not amount to anything.

Senator SIMMONS. If the flax industry should become an important one in this country—there is a considerable quantity of it raised now in some States—and the jute industry is a flourishing one in this country, or the manufacture of jute, do you mean to say that you would slaughter that industry in order to benefit another industry?

Mr. WILSON. My understanding is that the jute industry does not flourish very much in this country.

Senator SIMMONS. I am just supposing that the condition of the flax people is that if they are given an opportunity, they can get their business to producing considerable quantities of the flax that is consumed in our factories. Taking their contention—and they are entitled to the benefit of it as much as you are—would it help your industry to slaughter theirs?

Mr. WILSON. There is no jute raised in this country.

Senator SIMMONS. I did not say jute; I said flax.

Mr. WILSON. We are not trying to slaughter flax. We are speaking of jute.

Senator SIMMONS. If we put a duty on jute, raw jute, so high that it can not come to this country at all, we will slaughter the industry, will we not?

Mr. WILSON. I do not think there are many jute factories left in this country, are there? Have they not moved to the source of supply?

Senator SIMMONS. There are a great many of them manufacturing, yes, some in my State. There is one at Henderson, N. C.

Mr. WILSON. In answer to that, if this cotton which we grow in our Southern States, here in the United States of America, we remanufactured to take the place of the same use to which the jute is put, would it not be better, because that is grown in our country, as well as manufactured here?

Senator SIMMONS. You do not think we should make it on the flax industry?

Mr. WILSON. Sure. I am from a State that always believes in protection. Both of our Senators always vote for protection. I am broad enough to help the Northwest in the products they are interested in. But I am not interested in the man that grows jute in India.

Senator SIMMONS. You are not interested in the man that grows jute in this country.

Mr. WILSON. In answer to that, I will say that it is practically gone from this country.

Senator SIMMONS. I do not know to what extent it is grown. I know there is some. I know it is being manufactured in this country.

Mr. WILSON. I cannot see for the life of me—

Senator SIMMONS. Can you tell me what are the imports of jute into this country?

Mr. WILSON. A man that is to follow me will have those figures. I never like to quote figures without being prepared. I do not have those figures here. They are down in my hotel. In fact, I did not know I was to be called on as a witness on this part. I was to present these resolutions.

Senator SIMMONS. All the raw jute that is imported into this country is manufactured?

Mr. WILSON. Raw jute is. I do not know how much.

Senator SIMMONS. I asked you the question and you said there was no manufacturing to amount to anything; then I asked you what were the imports of jute. The imports of jute should, to a certain extent, show the manufacture.

Mr. WILSON. You are right on that. I haven't got the figures, Senator.

Senator SIMMONS. If you have not got them, there is no use in trying to follow the proposition.

Mr. WILSON. I want to say this: A small man in our State manufactured cotton bagging, in a small way, and from a patriotic standpoint the farmers used it. But when they found they were losing something, about nine pounds, which was the net result in the use of that bag, they lost their patriotism.

Senator SACKETT. What do you know about the wool people of Texas using a covering for wool, if anything?

Mr. WILSON. Very little.

Senator SACKETT. Do you know what it cost to get a jute bag for wool?

Mr. WILSON. No, sir.

Senator SACKETT. Or cotton?

Mr. WILSON. No, sir.

Senator SACKETT. If I were to tell you that the jute bag costs 43½ cents each, and the cotton bag 76 cents each, what do you think the Texas wool man would say if you should try to make him buy cotton bags for that wool?

Mr. WILSON. I guess he would say about what I would say if I had to pay 50 per cent more for a different article.

Senator SACKETT. He would say it was robbery?

Mr. WILSON. No; he would not say robbery if it was protecting an American industry.

Senator SACKETT. Yes; it would be protecting American industry, but there would be a difference of 32½ cents that the Texas wool man would have to pay.

Senator BINGHAM. For every sack he used.

Senator SACKETT. For every sack he used.

Mr. WILSON. Has the Texas wool man a tariff on his wool?

Mr. SACKETT. Yes, sir.

Mr. WILSON. I am glad he has. He should have. But I wonder how much more I have to pay for a suit than I would if there was no tariff?

Senator SACKETT. A few cents.

Mr. SMITH. A few dollars.

Senator SACKETT. No; because there are only a few pounds in it.

Mr. WILSON. It would be the difference, whatever the tariff would make.

Senator SACKETT. I am asking you about the tariff, but I am also asking you about the 32½ cents more that the wool farmer would have to pay for his sack. Do you think that helps him?

Mr. WILSON. I do not believe the wool farmer of the West would object very much if it is to enable the cotton farmer to buy more stuff of the kind he produces.

Senator SACKETT. That is very good doctrine, but I would like to hear from that wool farmer.

Mr. WILSON. I do not know. Some of the wool farmers may come and object to this. To be plain with you, I did not know this group of north Louisiana farmers had filed their objection before the Committee on Ways and Means.

Senator BINGHAM. It appears on the next page to your own statement. Most people look at their own statements.

Mr. WILSON. Gentlemen, I still contend that I believe that if the cotton farmers of the South had an adequate tariff on jute—I know it is pretty hard now. Twenty years ago it would not have been as hard. The farmers' representatives of the South never thought much of the tariff until recently. Not only Louisiana—Louisiana has always been a protective State. I think you will find that all of the other States grow something they want protected.

The gentlemen who are more familiar with the amount of jute imported into this country can give you that information.

I certainly appreciate this opportunity to appear before you.

Senator BINGHAM. There is another letter in that hearing that might interest you, that from W. C. Marseal, of Shreveport, La., who says:

We have had meetings and interviews with our farmers and their organizations for deliberation upon this subject, and they are almost unanimously agreed that a tax on jute bagging would prove an expensive hardship on them, they alone bearing the burden of it.

Mr. WILSON. The Farm Bureau of Louisiana indorsed the tariff on jute very heartily, and this north Louisiana association, I do not think, has over 300 members.

Senator GREENE. Very much obliged to you.

## THREADS, TWINES, AND CORDS; MANILA ROPE

[Pars. 1004 and 1005]

### STATEMENT OF WILLIAM L. ROCHESTER, REPRESENTING THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.), NEW YORK CITY, AND THE NEW YORK CORDAGE CO.

(The witness was duly sworn by Senator Greene.)

Mr. ROCHESTER. I am representing the National Council of American Importers and Traders, New York City.

Mr. Chairman and gentlemen, I appear here as chairman of the cordage group of the National Council of American Importers and Traders, and also as a partner in the firm of the New York Cordage Co. I want to make a very brief reference to paragraph 1004. That covers threads, twines, and cords, composed of two or more yarns of flax, hemp, or ramie, or a mixture of any of them, twisted together.

I am not going to refer to the rates in the present bill. It has never been possible to import any coarse twine under the old rate, and it will certainly be impossible to import it under the new.

I would like to point out a provision in subparagraph (b), at the end of paragraph 1004, where it is provided "that the duty on the foregoing threads, twines, and cords shall not be less 32½ per centum ad valorem."

There is no mention there of any maximum above which they may not go.

I refer to paragraph 1004 to show why I bring this up.

Ever since there has been any tariff operating in this country there are certain things that have been classified as cordage, and they have always been assessed under paragraph 1005, or a paragraph which covered those same commodities. Under the present law they have 2½ cents a pound as the hemp cordage.

Paragraph 1005 has been reworded in such a way that those commodities are going to be taken out of that paragraph and put into 1004. They are laying a duty today of 2½ cents, and under 1004 they will pay a duty of 26¼ cents a pound, which is about 1,000 per cent increase.

Senator SACKETT. What is the article you are speaking of?

Mr. ROCHESTER. It is generally known as tarred fiber. It is a small hemp rope which is largely used for maritime purposes. It is not an unimportant item; there is a considerable amount of it used in the country.

Senator BINGHAM. What is your suggestion? Have you any particular suggestion that you want to submit in regard to it?

Mr. ROCHESTER. When I submitted a brief to the House Committee on Ways and Means, I went to the Collector of the Port of New York, who has no interest in anybody's welfare particularly, and I asked him in order to try to avoid any further litigation in various matters, if he would word a paragraph which in his opinion would avoid these difficulties. I said, "I do not want to suggest any rates. I would like to have you word such a paragraph and I will submit it to the committee, and I will put in the rates". He took the matter up with the examiner for that class of merchandise, and they considered the matter for some time, and they framed a paragraph which, in their opinion, would avoid controversy and place the goods where the decisions of the Customs Court placed them.

I submitted that wording to the committee, but the wording did not get much consideration before the Ways and Means Committee.

Senator BINGHAM. That is in the hearings of the Ways and Means Committee?

Mr. ROCHESTER. That wording of the paragraph is in my brief before the Ways and Means Committee.

Senator SACKETT. Is there any of this article manufactured in this country?

Mr. ROCHESTER. Yes; there is.

Senator SACKETT. Are those manufacturers interested in having this change made?

Mr. ROCHESTER. They have managed to get it advanced about a thousand per cent. I do not know whether they are particularly interested or not. At 2½ cents a pound, the imports are unimportant. That is a good deal of protection.

Senator SACKETT. What are the imports?

Mr. ROCHESTER. There are none to-day.

Senator SACKETT. At 2½ cents?

Mr. ROCHESTER. I would not say there are none. We are importing some, but the thing is before the customs in such manner that we are afraid to import it for fear there will be some change made there

in the reclassification. We were importing about 50,000 pounds in a year, and I think there was that much more imported by others.

Senator SACKETT. What is your domestic production?

Mr. ROCHESTER. I do not know, but it runs up into several hundred thousand pounds or more.

Senator BINGHAM. I want you to make it clear to me just what change you propose in paragraph 1004 and what it means in simple figures. I have before me your proposed paragraph, but I have not time just now to compare it with the schedule paragraph.

Mr. ROCHESTER. I want these fittings left where they are. If it can be proven that 2½ cents per pound is not an ample protection for them, then it seems to me fair that this committee should add on what in their opinion is a fair protection, but it certainly is not a fair protection to put on 1,000 per cent increase.

Senator BINGHAM. If we were to say that tarred fittings were to bear a rate of 5 cents per pound, would that be satisfactory to you?

Mr. ROCHESTER. No, sir; they would still be imported.

Senator BINGHAM. Three and a half cents.

Mr. ROCHESTER. That would allow us to import some small quantity.

Senator BINGHAM. And tarred fittings would cover domestic?

Mr. ROCHESTER. It would, but if there was any question about a misunderstanding it could be amplified as to such goods as marline, cotton yarn, hemp, etc.

Senator BINGHAM. What do they pay to-day?

Mr. ROCHESTER. Two and a half cents a pound. There is some agitation before the Customs Court under the reclassification division and we have these cases there as to returning these goods at 2½ cents, but the decision is not published yet.

Senator SACKETT. Would you want a special paragraph of yard fittings, 3½ cents?

Mr. ROCHESTER. That is the rate you could add, the hemp rate, according to this new paragraph, and we think that would be fair.

Senator SACKETT. Would it not accomplish the same thing if in 1005, under "Cordage, including cables, tarred or untarred," 2½ cents per pound, you add your tarred fittings there?

Mr. ROCHESTER. If you add it to 1005 it would accomplish it by adding the words so as to include these tarred fittings. That would accomplish it exactly; yes.

Senator SACKETT. What size are these fittings?

Mr. ROCHESTER. They range from one-fourth to five-sixteenths down to one-eighth of an inch in diameter.

Senator SACKETT. What are they made for?

Mr. ROCHESTER. They are used with hemp, usually Italian hemp, Russian hemp; they are used for conserving rope and for various purposes, also used in conjunction with other rope.

Senator SACKETT. Look at the note under paragraph (c) of 1004 in the new bill. Hemp, twine, and cord or cordage construction, one-eighth of an inch or more in diameter, which has been transferred to paragraph 1005, where they are dutiable at 3¼ cents per pound. Does that cover it?

Mr. ROCHESTER. I have not seen that.

Senator SACKETT. That seems to cover what you have said because you gave the size about the same—hemp, twine, and cord or cordage

construction, one-eighth of an inch or more in diameter, have been transferred to 1005 where they are dutiable at 3¼ cents per pound.

Mr. ROCHESTER. No, sir; that would not cover it.

Senator SACKETT. Why?

Mr. ROCHESTER. Because the present interpretation of the cordage construction, I believe, is in one or two cases made up—let me read it the way they have it worded here:

Double cordage construction according to 1005 is three strands, each strand of which contains two or more yarns.

These fittings are not constructed that way. They are merely three strands and each strand is a yarn or each yarn is a strand. Some use one or two marlines with two yarns twisted in.

By the wording of this paragraph 1005 they have removed that particular type of construction. Although it is a cheaper construction they have removed it to that high rate.

Senator SACKETT. Then you want it included in that?

Mr. ROCHESTER. I want it included in that rate.

Senator SACKETT. These rates we understand.

Senator BINGHAM. In paragraph 1004 (c) the new language states:

There shall not be classified under this paragraph any twines or cords composed of 3 or more strands, each strand composed of two or more yarns.

That does not help you any. That takes care of the rope construction.

Senator SACKETT. But it does not take care of these.

Mr. ROCHESTER. That is the new interpretation of cordage construction, which does not take care of them.

Senator SACKETT. I think we have it in the record the way we would like to have it.

Senator BINGHAM. How much of this material is made in the United States now?

Mr. ROCHESTER. I have not any figures on that but there has never been a time when over 4 or 5 per cent of the consumption was imported and the only imports are of a rather high grade class of material.

Senator BINGHAM. Where are tarred fittings made in the United States?

Mr. ROCHESTER. They are made in a number of cordage mills. They are made in Philadelphia, in New Jersey, in Massachusetts, in Ohio, and I think they are made on the Pacific coast. They are made generally by cordage mills.

Senator BINGHAM. Would the duty that you propose cause an increase in importations?

Mr. ROCHESTER. It would make it possible for us to import some of these fittings. At present we import none.

Senator BINGHAM. In other words, it would reduce the domestic production.

Mr. ROCHESTER. I suppose if we imported 10 tons of them there would be 10 tons less of domestic production, but it is hardly a competitive item because certain classes of industry want those better made foreign goods, but they will take the domestic goods because we can not bring them in and pay those charges.

Senator SACKETT. He is asking to take out of the paragraph the uncertainty and make it certain. You are not objecting to the 3¼ cents a pound?

Mr. ROCHESTER. No, sir.

Senator SACKETT. You feel under the present bill this might be charged at 13 cents?

Mr. ROCHESTER. No, sir; 26¼ cents, which is definitely established. There is a strange connection between these figures. This material compares to a very high grade of linen and flax. That is fairly good cordage, but compared to flax it is ordinary.

Senator SACKETT. Are you satisfied with the cordage construction in this language here?

Mr. ROCHESTER. I can not quite say I am satisfied with it.

Senator SACKETT. Why are you not satisfied with it?

Mr. ROCHESTER. I thought I was only going to get about 10 minutes. If we are going into this detail I have a lot of other things to talk about.

Senator BINGHAM. Answer the Senator's question as briefly as you can.

Mr. ROCHESTER. I am not satisfied with it because it is a real difference, whether you get your 3 strands or 2 ply, or whether it is 6 strands and 6 ply. If you take a yarn of a given size—that is, consisting of six—that ought to pay a rate of 18 cents a pound, but when you take the same yarn of a distinct manufacture and you get them first, in that condition you may bring them in on a cordage basis.

Senator GEORGE. I understood you to say that under the present rate of 2½ cents, practically none of this stuff, or a very small amount, would come in.

Mr. ROCHESTER. None comes in now.

Senator GEORGE. And even the present rate is entirely adequate.

Mr. ROCHESTER. We were able before this agitation before the Customs Court to import some of the goods at 2½ cents, but when it became doubtful that we would have them returned at 2½ cents, we have not imported any important amount of it.

Senator GEORGE. You never imported any important amount of it?

Mr. ROCHESTER. No, sir; we never did. I did not expect to take this much time on 1004. The principal thing I wanted to mention is 1005. That paragraph deals principally with manila rope. The present rate imposed on manila rope is three-fourths cent per pound. The rate suggested in the new tariff bill is 2½ cents plus 15 per cent ad valorem, and if you take the average size that is used on the farms it will mean that the rate is going to be about 4 to 1½ cents per pound. The present rate is three-fourths of a cent. The proposed rate is about 4½ cents. That is an increase of about 500 or more per cent in the duty on manila rope.

In this connection I would like to point out that the imports of manila rope have been about 3 per cent of the domestic production with three-fourths of a cent duty, but this bill proposes a 500 per cent increase in that duty.

Senator SIMMONS. You said it was used on the farm.

Mr. ROCHESTER. Yes.

Senator SIMMONS. For what purpose, plow lines.

Mr. ROCHESTER. Plow lines, halter ropes, hay fork ropes—there is a large consumption.

In the brief submitted to the House Ways and Means Committee by the domestic manufacturers they took occasion to mention the users of cordage in the United States. Strange to say they omitted



that 70 per cent of the users were farmers, who used more than 70 per cent of the domestic production.

Senator SIMMONS. They didn't want to mention it if it was going to help the farmer.

Senator BINGHAM. Do you mean to say that 70 per cent of the production is used on the farms?

Mr. ROCHESTER. It has been published in several magazines. These are not my figures but figures of the various domestic interests and in the farm journals the past 29 years, that 60 to 70 per cent of all domestic consumption of Manila rope went on to the farms.

Senator BINGHAM. About 60 per cent.

Mr. ROCHESTER. I would like to stop at the minimum.

Senator BINGHAM. What do you base that on besides some magazine article?

Mr. ROCHESTER. Only on our own experience, as everything in our trade goes to farmers and most of the people we know in the trade do their business with farming supply houses and, like ourselves, sell to the farmers. Most of the trade we have ultimately finds its use on the farms or we would have nothing.

Senator BINGHAM. You are testifying under oath and a few minutes ago you stated 70 per cent. Now you state about 60 per cent. Which figure do you wish to stand on?

Mr. ROCHESTER. That is an opinion.

Senator BINGHAM. I just want to correct your record to show it is your opinion, because you do not want to testify under oath of a certain thing, that it is 70 per cent when it is your opinion that it is 60 per cent.

Senator SIMMONS. I understood the witness to say, however, that he was engaged in making this rope and his customers are largely farmers.

Senator BINGHAM. No, he is an importer.

Mr. ROCHESTER. We do make it. We make it in Belgium.

Senator BINGHAM. He said domestic production. He said 70 per cent of the domestic production was used on the farms. If true, that is interesting, but he says that is just someone's opinion.

Mr. ROCHESTER. It is an opinion and I think it is an opinion which will ultimately develop to be 70. It will probably go nearer 80. I put it pretty low.

Senator GEORGE. You based the opinion on facts, as you state?

Mr. ROCHESTER. Yes. I do not care to be held to a definite 70 per cent. It is my own percentage.

Senator GEORGE. I understand you base it on facts which come within your own knowledge.

Mr. ROCHESTER. Yes.

Senator GEORGE. There is some considerable extent of this cordage used on farms. You know that?

Mr. ROCHESTER. I know that to be a fact.

Senator GEORGE. Is there any increase on binder twine?

Mr. ROCHESTER. No, sir.

Senator GEORGE. This does not have anything to do with it?

Mr. ROCHESTER. No, sir; binder twine is free and remains free.

Senator SACKETT. Take the paragraph in section 3, in 1005: Raw material for cords and twines whether or not composed of three strands, each strand composed of two or more yarns, tarred or un-

tarred, single or plied, wholly or in chief value of manila, sisal or other hard fiber, 40 per cent ad valorem. That is manufactured binder twine, is it not?

Mr. ROCHESTER. That is yarn twisted into twine.

Senator SACKETT. That is not binder twine?

Mr. ROCHESTER. No; binder twine is in another group.

Senator SACKETT. Will you tell me why (3) under this paragraph increases the value of hemp,  $3\frac{1}{2}$  from  $2\frac{1}{2}$  cents per pound.

Mr. ROCHESTER. I believe that is because they have advanced the duty on raw hemp. I can not think of any other reason for it. I believe there has been some advance in the duty on raw hemp.

Senator SACKETT. You have had a long time. What else have you got?

Mr. ROCHESTER. I have some evidence that is convincing.

Senator SACKETT. Is it already in the hearing?

Mr. ROCHESTER. No, sir; I will try to go through this as fast as I can.

Senator GREEN. How much time are you going to take?

Mr. ROCHESTER. If I just recite what I have to say I can go through it in about three minutes.

Senator SACKETT. Let us quit and go to it.

Mr. ROCHESTER. The reason we wound up and started importation of cordage was because we found it impossible any longer to conduct the jobbing business which we had in this country. We could not buy goods at the rates of duty, 6 or 7 cents a pound, on what we knew it could be sold for at a profit. To show just how I arrive at the thing, let me say that on April 13, 1929, the United States Engineers' Office at New Orleans for the Mississippi River Commission, opened proposals for about 160,000 pounds of manila rope. There were 18 or 20 that bid and the low bidder was the Wall Rope Works of New York, with a price of 14.04 cents per pound, roughly, 14 cents a pound.

At the same time the Wall Rope Works issued a price list to a large consumer, quoting the same rope at  $23\frac{1}{2}$  cents per pound, less,  $2\frac{1}{2}$  cents per pound discount to him, making a net cost to the commercial buyer of 21 cents per pound and this price would apply only to large buyers; just 7 cents per pound or 50 per cent more than the same company was able to sell the same goods to the Government, where the price agreement has never operated. This is a fortunate condition for the Government, but it is hard on the farmer, who pays the Nation's rope bill.

This 14-cent price is typical of other bids to various governmental departments at this time, but I have selected this example because I have the commercial quotation of the same date by the same company.

In that same connection that is why we had to give it up. We had to pay this 7 cents.

In order to get at the actual cost of making this rope, let me call your attention to their elaborate comparison of domestic and foreign factory costs. I will not attempt to analyze them in detail, but the foregoing typical case of domestic manufacturers' ability to sell at low price pretty definitely establishes the real cost of making rope in this country.

For six months prior to the date of award of the New Orleans contract, the price of manila hemp remained very steady and firm and the average price for the grade required in this rope for this period was 12.02 cents per pound. Now, in the cordage manufacturers' brief they show a cost of 4.77 cents per pound to produce rope in this country. If we add this 4.77 cents to 12.02 cents, the cost of the hemp, we get the total cost of this rope as 16.79 cents, just 2½ cents per pound more than the price at which this company was willing to accept the business.

If we were to rely upon the cost of figures given by the domestic manufacturers, this company must have lost about \$4,500 on this order.

No explanation of special conditions or business depression would excuse this price, as the cordage business of the country has been in very excellent shape for the last few months, as evidenced by reports of two leading manufacturers.

Senator SIMMONS. How do you expect to carry on business on that basis?

Senator BINGHAM. It might not be possible if they found it useful to get a surplus market and more money would sell otherwise? That is a keep factor.

Senator

Senator BINGHAM. I understand that ordinary deposits in a bank will get 2 per cent interest. If the Government deposits in the Government makes deposits through the Government, as such banks are awarded that the Government gets 3½ per cent on the deposits. Yet the banks are not losing money. The Government pays nearly 100 per cent more than would be paid to the Government.

Senator SIMMONS. I am sure that a man would deliberately

Mr. ROCHESTER. I think I can answer, Senator. I anticipated that would be the case. In the spring of the year the cordage companies are busy. The construction work starts, factories, steel mills, etc., and the industry is running it is running in the spring. About six months prior to the time of this order at New Orleans, there was a severe typhoon in the Philippine Islands, and there is absolutely no question but what manila hemp prices will be steadily higher the rest of the year and next year. It takes three years to replace that fiber and when that hemp would be taken out it would be on a rising market. That condition in the Philippines is so well known that I do not have to explain it.

Senator BINGHAM. Is hemp only raised on one island in the Philippines?

Mr. ROCHESTER. No, I think it is raised on pretty nearly all the islands of the Philippines.

Senator BINGHAM. There are several thousand islands in the Philippines.

Mr. ROCHESTER. I do not know.

Senator BINGHAM. I am sure that no typhoon has devastated more than a very few of these islands at any one time. It comes there sometimes to one of the large islands. There has been no typhoon that has generally destroyed and it is a pretty large proposition to say that a typhoon would affect the thousands of islands that form the Philippine Archipelago.

Mr. ROCHESTER. I did not mean that destroyed the entire hemp crop, but I think the growth was retarded and it was reported that it destroyed 20 per cent of the hemp. It did destroy not only the hemp crop but affected seriously one or two of the large islands.

Getting back to the condition of these companies, that, of course, is a strong argument that the companies have suffered from foreign competition. Only about 3 per cent of the consumption is imported. The Plymouth Cordage Co., one of the largest units in the cordage industry, on March 31, 1929, issued its report for the six months ending on that date, showing a net after depreciation, Federal taxes, and adjustment of inventories to cost or market of \$1,026,891 for the six months ended March 31, 1929. Its net earnings were equal to 12.67 on \$8,000,000 common stock and \$106,660 employees' special stock combined. It goes on further to say that the ability of the Plymouth Cordage Co. to maintain its earning power was due to the fact that it operated during the 6-month period on a stable raw material market in 1928. In 1927 fiscal year it operated on a constantly declining market, but on this condition of stable markets it is making money.

I have a report here of the Hoover & Allison Co. This is a complicated statement. It does not show earnings. It says they are planning to build a new mill. I will submit this article.

(The article referred to is as follows:)

[Cordage Trade Journal, June 6, 1929]

The Hoover & Allison Co., rope, twine, etc., Xenia, Ohio, is installing new machinery and is preparing to reopen its mill in that city. On May 23 the Xenia Herald printed the following relating to the matter: "Joseph Marsden, of Belfast, Ireland, the home of cordage machinery and from where the first cordage machinery for Xenia factories was brought, is here to install new machinery in the Ohio mill of the Hoover & Allison Co. This mill through the annexation of connecting warehouses has been enlarged so that the floor space totals 52,000 feet. When this mill is reopened the force of employees of the company here will be increased from 500 to 750. The reopening is fixed for September 1. The company is experiencing a revival of business in all branches and has orders booked to keep it going to the middle of August or later with new orders coming in daily. Shipments of binder twine now total 2,000 bales or 100,000 pounds daily. The company has just declared a dividend of 3 per cent on common stock. This follows a similar dividend on common stock last fall. Prior to last fall no dividends had been paid on common stock for two years. Dividends on preferred stock have not been passed. The common stock, which two years ago had dropped to 30, has now more than doubled in value. Sixty-five was recently offered with no takers."

Unfortunately the majority of the domestic mills are so closely controlled that statements are not available. However, the entire trade has experienced uniform prosperity and the two reports are of firms who are not supposed to have done as well as others in the industry.

In my brief submitted to the Ways and Means Committee I claimed rope could be made in this country for less than 2 cents per pound, and while this statement is not in accord with the cost figures submitted by the domestic manufacturers and has been disputed by them, it appears that the Wall Rope Co.'s procedure in the case cited above bears out my claim entirely. The difference between cost of hemp and selling price of rope was exactly 0.202 cent per pound.

Next, I want to call your attention to the Philippine rope condition. Rope made in the Philippines comes into the United States duty free, and, according to the rope manufacturers' figures, labor costs there

are lower than in any other country manufacturing manila rope for export to the United States.

The manufacturers also point out certain other advantages enjoyed by the Philippine manufacturers because of their location at the original source. In spite of this the Philippines are unable to make any impression on the American market and their shipments to this country have actually shown a steady decline since 1925.

It is apparent from this that domestic manufacturers, so far from needing any increased duty, could operate successfully if rope were placed upon the free list.

Another proof of the needlessness of any duty on rope is found in the binder-twine situation. Here again we have an article on the free list, and in this case domestic manufacturers not only undersell foreign manufacturers in this country but they actually dominate the markets of the world, exporting in 1928 thirty and one-half million pounds.

In my Ways and Means brief I stated that binder twine, which was made in the same mills and on the same machinery as rope, required more labor cost to produce than rope, and from this I argued that if binder twine, which is on the free list, could not be sold in this country successfully by foreign firms against domestic competition, that there was no justification whatever in a duty on rope, which required less labor to produce than binder twine.

The domestic manufacturers took occasion to dispute my statement that it costs more to make binder twine than it did rope, as my statement, if proved, would hardly leave much justification in any rope duty whatever.

Although my statement was based upon figures from our own mill in Belgium, where we make both binder twine and rope, and upon statements from two British mills and one domestic mill, I have taken occasion to investigate further in this country and I find that my original statement is correct. I repeat, it is cheaper to make rope three-quarters of an inch in diameter and larger than it is to make binder twine. I selected three-quarters of an inch diameter as the minimum, for that is the smallest size on which the proposed 2½-cent duty will be applied without the 15 per cent ad valorem extra.

Senator SACKETT. Do you make this material that is imported, in Belgium?

Mr. ROCHESTER. Yes.

Senator SACKETT. Why did you leave that country when your company is doing so wonderfully well to go to Belgium?

Mr. ROCHESTER. I do not like to answer that here.

Senator SACKETT. No, I do not think so.

Mr. ROCHESTER. It has nothing to do with the tariff.

Senator SACKETT. It has something to do with profits and this local condition in America, making these tremendous profits, and you have taken your factory to Belgium, and why?

Mr. ROCHESTER. There are other reasons besides tariff why a man does not risk starting up an industry in this country.

Senator BINGHAM. Let us have some of those reasons.

Mr. ROCHESTER. It is quite possible to put us out of business if we started a mill in this country, no matter if the market price of the commodity which we would make is sufficiently high to insure a profit.

Senator SACKETT. Do you charge that those companies have a combination here for the purpose of putting small manufacturers out of business?

Mr. ROCHESTER. I do not.

Senator SACKETT. Then it does not seem a very good reason. Have you any other reason?

Mr. ROCHESTER. That is not a reason which you can successfully support, and I would not charge that because I am sure they have not any such intention. But we did not feel it was desirable as holding out the hope of success to open a mill in this country.

In conclusion I would like to point out that exports of manila and sisal rope in 1928 reached the very important total of 9,227,962 pounds, which is 2,500,000 pounds more than the 1923 total, which is the largest previous year shown in the Department of Commerce Yearbook.

I submitted a comparative table of exports and imports in my Ways and Means brief showing exports almost three times as great as imports, and imports only 3 per cent of domestic production for the past three years.

This table was explained and analyzed by the domestic manufacturers by claiming that large amounts of certain items were improperly classified. They made this same claim in 1921, when confronted with similar figures at the tariff hearings then. I have no figures to dispute their claim, but I venture the same suggestion which was made by one of the members of the Ways and Means Committee at that time:

These people are employed by the Government as experts in this particular line of work and they are supposed to know what they are doing. If they do not know what they are doing, and their reports can not be relied upon, they should be replaced by people who do know, or the department should be discontinued.

Gentlemen, the two reports of domestic rope manufacturing companies show a most flourishing condition; so good, in fact, that I am sure that after you have read them over carefully you will decide that these great enterprises do very well as they are, and that it is unnecessary to crush a small importer and tax a million farmers in order that they may be entirely unmolested in the exercise of their greed.

(Mr. Rochester submitted the following brief:)

#### BRIEF OF W. L. ROCHESTER

##### SUGGESTED CHANGES FROM HOUSE BILL 2667

Paragraph 1004: Subparagraph (b) concluding sentence changed to read: "Provided, That the duty on the foregoing threads, twines, or cords shall not be less than 25 per cent or more than 35 per cent ad valorem."

Reasons for recommended changes in 1004: It is impossible to import any twines under the specific rates of subparagraph (b) 1004, as these rates amount to considerably over 100 per cent ad valorem on all coarse size twines. At present there is no maximum rate. If a maximum rate was inserted, it is possible that there might be some small imports of special items, now absolutely prohibited. Even though this proposed modification did not permit any importations, it would serve to prevent exorbitant prices being demanded by domestic manufacturers.

Paragraph 1005: Recommended change: In my brief before the Ways and Means Committee, an entirely new wording for 1005 was recommended, and

the paragraph as submitted was drawn by the collector of the port of New York, with the exception of the duties which were supplied by my committee. The collector's only purpose in drawing this paragraph was to include and definitely classify, the various items which have given rise to dispute and litigation under the present law. In his opinion this would be eliminated by the paragraph which he suggested, and which I recommend for your careful consideration and adoption. However, as this wording was not given consideration by the Ways and Means Committee, I recommend as an alternative, if your committee decides against the paragraph, as presented before the Ways and Means, that you modify 1005 of the House bill as follows: "Cordage, including cables, tarred or untarred, composed of three or more strands, each strand composed of two or more yarns: (1) Wholly or in chief value of manila, sisal, henequen, or other hard fiber, one-half of 1 cent per pound. (2) Wholly or in chief value of Sunn, or other bash fibers but not including cordage made of jute, 2 cents per pound. (3) Wholly or in chief value of hemp, 3¼ cents per pound. There shall be classified under this subparagraph, all tarred fittings, such as marline, houseline, spun yarn, ratline, etc., made of hemp.

Reasons for change in 1005: The wording of paragraph 1005 in the House bill has been changed so as to reclassify many items formerly included under this paragraph, but which would now fall under 1004, with a resultant increase in duty of 1,000 per cent. One notable example is found in certain tarred fittings, such as marline, houseline, spun yarn, ratline, etc. This class of merchandise has been classified under the cordage paragraph as far back as I can obtain any records. Various Treasury decisions and Customs Court rulings beginning in 1858 place this material definitely in the cordage paragraph. The wording of the proposed paragraph removes this material from 1005 where it should be dutiable at 3½ cents as hemp cordage, and places it under 1004, where it will be assessed at 21¼ cents per pound plus an additional 5 cents per pound for being treated (tarred). This brings the duty to 26¼ cents, over 1,000 per cent increase over the present rate of 2½ cents, and actually equals a duty of almost 200 per cent ad valorem on certain of these items. The present selling price for these articles in this country is from 5 cents to 10 cents per pound less than this 26¼ cents duty. For this reason, and because these items are produced by highly mechanical process, requiring a minimum of labor, and, further, because even under the present rate of 2½ cents per pound, the imports have not exceeded a few thousand dollars per year while the domestic production has been several hundred times this amount. I recommend this addition to subparagraph 3 of 1005.

Reasons for recommended change in rate—subparagraph (I): The duty of 2½ cents per pound plus 15 per cent ad valorem on all sizes under three-fourths inch diameter, will amount to about 4½ cents per pound average for all sizes used on the farm. With the present specific duty at three-fourths cent per pound you will see that the increase amounts to over 500 per cent.

It seems incredible that such an advance as this could have been contemplated when you consider that for the past three years, total imports (exclusive of Philippines) have been less than 3 per cent of domestic production. I feel that to defeat this proposed increase it is only necessary to call attention to it, but as this committee will have access to the briefs submitted to the Ways and Means Committee, I will point out some of the features of the domestic manufacturers' brief which have attracted my attention.

The introductory remarks of the cordage manufacturers' representative include, first, a list of the various uses to which cordage is put. In reading over this statement, I was surprised to find no mention of the industry which takes the major part of all domestic consumption. In reading over the brief submitted by this association, I find the same omission. It seems to me that if the committee find any value in a list of uses to which cordage is put, that such a list should at least mention the major consumers, so I will supply the name of that industry, gentlemen. It is farming, and it is the farmer who will pay this 500 per cent increase in tariff.

It will undoubtedly be claimed by the domestic manufacturers that farmers are only unimportant buyers. By their own statement 60 per cent of their production is manila, 40 per cent sisal cordage. The 40 per cent (sisal) goes practically entirely to farmers. Of the 60 per cent remaining, I have no figures, but, based upon the experience of my company, and upon claims made by the manufacturers in various farm journal advertisements, in past years, the farm is the most important buyer of manila as well, and I think it is a very conservative estimate to say that he uses half of all manila cordage. (Binder twine is not included in this estimate) It therefore appears that he must use in the neighborhood of 70

per cent of all cordage consumed. For example, a short rope for use in a block and fall for general work around the farm would weigh at least 15 or 20 pounds. A hay-fork rope weighs from 25 to 40 pounds. A well rope would weigh at least 5 or 6 pounds; tie ropes, halter ropes, etc., bringing the total to a very considerable figure for each farm. If you take 25 pounds as an average for each farm, and increase the duty from three-fourths cent to 4½ cents, which will be the average with the ad valorem extra added, you will see that it will approach \$1 extra tax on every farmer. The sizes under three-fourths inch diameter on which the additional ad valorem duty is proposed comprise the farm sizes.

My attention is next attracted by the statement that cordage imports have increased because of inadequate duty. I think I can explain this very unimportant increase to your satisfaction, and I can prove that the present duty of three-fourths cent per pound would be prohibitive if the price-setting system now employed by domestic manufacturers were abandoned.

Attached is a proposal and abstract of bids issued by the United States Engineers at New Orleans for Mississippi Commission work. The opening was April 13, 1929. The low bidder on this proposal for approximately 160,000 pounds of manila rope made up in accordance with Federal Specification 61a was the Wall Rope Works of New York, with a price of 14.04. Also attached is a price list issued by this same firm for the same date quoting the same rope at 23½ cents per pound, less 2½ cents per pound discount to a large commercial buyer, making a net cost to the commercial buyer of 21 cents per pound and this price would apply only to large buyers; just 7 cents per pound or 50 per cent more than the same company was able to sell the same goods to the Government, where the price agreement has never operated. This is a fortunate condition for the Government, but it is hard on the farmer, who pays the Nation's rope bill.

This 14-cent price is typical of other bids to various governmental departments at this time, but I have selected this example because I have the commercial quotation of the same date of the same company.

Next, I call your attention to their elaborate comparison of domestic and foreign factory costs. I will not attempt to analyze them in detail, but the foregoing typical case of domestic manufacturers' ability to sell at low price pretty definitely establishes the real cost of making rope in this country.

For six months prior to the date of award of the New Orleans contract the price of manila hemp remained very steady and firm, and the average price for the grade required in this rope for this period was 12.02 cents per pound. Now, in the cordage manufacturers' brief, they show a cost of 4.77 cents per pound to produce rope in this country. If we add this 4.77 cents to 12.02 cents, the cost of the hemp, we get the total cost of the rope as 16.79 cents, just 2¼ cents per pound more than the price at which this company was willing to accept the business.

If we were to rely upon the cost figures given by the domestic manufacturers, this company must have lost about \$4,500 on this order.

No explanation of special conditions or business depression would excuse this price, as the cordage business of the country has been in very excellent shape for the past six months, as evidenced by attached reports of two leading mills.

It will be useless to attempt any importation of manila or sisal rope under the House rates. These rates are intended to make importation impossible and if incorporated in the law will be a definite embargo.

My company and the partners individually supported the present administration before the election with considerable contribution both financially and morally, and we were proud and pleased to be identified with the results of the election.

We can not believe that a small group of self-seeking individuals will be permitted to embarrass the administration by any such outrageous increase on a staple necessity as they are now demanding.

NEW YORK CORDAGE CO.  
NATIONAL COUNCIL OF AMERICAN  
IMPORTERS & TRADERS (INC.).

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

William L. Rochester, being duly sworn, says that he resides at Manhasset, N. Y., and is by occupation a member of the firm of the New York Cordage Co.; that he is native-born citizen of the United States, 40 years of age. Deponent further says that the attached brief submitted to the Finance Committee of the United States Senate is a true statement and that figures quoted are taken



from Department of Commerce reports or other sources believed to be reliable. Deponent makes this affidavit to induce the Committee on Finance to give consideration to the attached brief in forming the proposed tariff law.

WILLIAM L. ROCHESTER.

Sworn to before me this 24th day of June, 1929.

[SEAL.]

AGNES S. WATTS, *Notary Public.*

## HARD-FIBER CORDAGE

[Par. 1005]

### STATEMENT OF J. S. McDANIEL, NEW YORK CITY, REPRESENTING THE CORDAGE INSTITUTE

(The witness was sworn by Senator Greene.)

Senator GEORGE. What is your connection?

Mr. McDANIEL. I am chief executive officer of the Cordage Institute, a trade association of the domestic hard fiber cordage manufacturers.

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

Mr. McDANIEL. I did not, personally. There appeared as a representative for the industry, E. C. Heidrich, of Peoria, Ill.

Senator SACKETT. You heard the gentleman that testified on your schedule a few minutes ago.

Mr. McDANIEL. I did.

Senator SACKETT. You agree with what he said?

Mr. McDANIEL. I do not.

Senator SACKETT. Your argument will be in opposition to that?

Mr. McDANIEL. Absolutely.

Senator SACKETT. Proceed.

Mr. McDANIEL. I am here representing the entire hard-fiber cordage industry, that is, the domestic hard-fiber cordage manufacturers. I want to make this just as brief as possible and to save the time of the committee if it is permissible, and unless it is the desire to go into these questions, in answer to the previous witness, I would like to have permission to file a supplementary brief in direct answer to the questions he brought up, or I am prepared to answer any questions of the committee at this time.

Senator BINGHAM. I think if you file a supplemental brief it should be an affidavit.

Senator GREENE. Yes; file under oath.

Mr. McDANIEL. That is perfectly all right with me. I will be glad to answer any questions which you gentlemen desire to ask me at this time. We presented the facts of our economic situation to the Ways and Means Committee. Every phase of our industry was gone into and every available fact was considered. The result was that while our requests were not fully met, the bill as it came over from the House is satisfactory to us because with the retention in the bill of the flexible provision of the tariff act it would be possible for us to file a case before the Tariff Commission and submit evidence of what we believe justifies tariff protection.

That is the only reason we are not asking for more than what the House gave us.

Senator BINGHAM. I understand that the imports of cordage have been increasing rapidly in the past three years.

Mr. McDANIEL. They have increased 300 per cent since 1922, and are still increasing.

Senator GEORGE. What brought about that increase?

Mr. McDANIEL. The lower cost of production abroad.

Senator GEORGE. The lower cost of production?

Mr. McDANIEL. Yes.

Senator GEORGE. It has always been that way, has it not?

Mr. McDANIEL. Yes.

Senator GEORGE. Has the domestic production correspondingly increased, or has that also decreased?

Mr. McDANIEL. The domestic production has decreased from 158,000,000 pounds in 1922 to about 144,000,000 pounds—I am quoting from memory—in 1927, the last year of the biennial census.

Senator SACKETT. Is that all kinds of cotton cordage, or what is it?

Mr. McDANIEL. I am speaking now only of cordage and twine, excluding binder twine, made of hard fibers, and cordage and twine known as tarred hemp fittings which the hard fiber manufacturers make.

Senator BINGHAM. You are not speaking of cotton now?

Mr. McDANIEL. I am not speaking of cotton, nor jute, nor any other soft fiber cordage, except the tarred hemp fittings I have mentioned.

Senator GEORGE. Does the production of soft fiber cordage decrease or increase?

Mr. McDANIEL. The production of domestic soft fiber cordage? I am not familiar with the industry—from hearsay I believe it has decreased.

Senator GEORGE. It has decreased?

Mr. McDANIEL. Yes. I am not sure of that, though.

Senator SACKETT. Does the soft fiber cordage compete with your hard fiber cordage?

Mr. McDANIEL. In some lines. In the wrapping twines, the heavier wrapping twines, which we make of manila and sisal, there is certain jute cordage which does compete.

Senator SACKETT. When you speak of imports of cordage, do you include also imports from the Philippines of cordage?

Mr. McDANIEL. I do, absolutely.

Senator BINGHAM. How large a percentage of that increase is due to increased production of cordage in the Philippine Islands?

Mr. McDANIEL. They are both about the same.

Senator BINGHAM. About one-half of the increase?

Mr. McDANIEL. Yes; just about one-half of the increase.

Senator BINGHAM. Comes from the Philippine Islands?

Mr. McDANIEL. Yes.

Senator BINGHAM. Are you sure of that? I mean, take the figures as they were at the time when you stated your first figure: was that 1922? How large a percentage of the importation was from the Philippines at that time?

Mr. McDANIEL. In 1922 there was 1,634,688 pounds imported from the Philippine Islands.

Senator BINGHAM. How much from other countries?

Mr. McDANIEL. I will give you the total, and it is obtainable by deduction—to save time.

Senator BINGHAM. In order to save time, I will ask you to put in a brief later on these facts.

Mr. McDANIEL. Those facts are in our brief.

Senator Bingham. I want it right here at this point. What was the percentage of imports of cordage that came from the Philippines as compared with the total imports, in 1922, in the last year for which you can get the figures?

Mr. McDANIEL. I have those figures for you now, Senator. From the Philippine Islands, I gave you those for 1922. For 1928, from the Philippine Islands, it was 5,882,000 pounds.

Senator BINGHAM. As compared with what, previously?

Mr. McDANIEL. One million six hundred and thirty-four thousand pounds, or an increase of 4,248,000 pounds.

Senator BINGHAM. About 400 per cent?

Mr. McDANIEL. Practically; in excess of 300 per cent.

Senator BINGHAM. Practically in excess of 300 per cent?

Mr. McDANIEL. Yes.

Senator BINGHAM. All right; now, what is the other?

Mr. McDANIEL. From all other foreign countries in 1922 it was 1,423,000 pounds. In 1928 it was 6,009,000 pounds. I think they figure out about half and half.

Senator BINGHAM. So that the increase is about the same from both; is that correct?

Mr. McDANIEL. Yes.

Senator SACKETT. The next question I would like to ask you is, there has been a change in the rate of duty in the House bill?

Mr. McDANIEL. Yes.

Senator SACKETT. What does that change amount to, in percentage?

Mr. McDANIEL. You mean increase of rate?

Senator SACKETT. Increase of rate.

Mr. McDANIEL. That increase of rate will amount to, I think it figures, from 300 to 500 per cent.

Senator SACKETT. That is the increase that the House has made?

Mr. McDANIEL. Yes.

Senator SACKETT. Over the 1922 duties?

Mr. McDANIEL. Yes.

Senator SACKETT. Three hundred to five hundred per cent?

Mr. McDANIEL. That is an equivalent ad valorem rate of approximately 20 per cent—perhaps 25 per cent.

Senator SACKETT. What will that increase of rates that the House allowed mean in the domestic selling price?

Mr. McDANIEL. You ask a question, Senator, which it is very difficult to answer. I heard Senator George ask the question of the previous witness.

In the first place, it does not increase prices, except on that part of the goods which consumers have been buying from importers. It does not increase the price of the domestic manufactured article at all; not one iota. In fact, it probably will decrease it, because if the domestic manufacturer can put into his mill, which is capable of a heavy overproduction, this added production, it decreases his cost, and it is a matter of cost, finally.

It will increase to that consumer who has been buying imported articles, to the extent of the difference of whatever the seller of the imported articles has been selling at, and what the seller of the domestic article has been selling at.

Senator GEORGE. Do you not have to compete with the imported article?

Mr. McDANIEL. Yes.

Senator GEORGE. Do you not sell on the same basis?

Mr. McDANIEL. I was going to continue my argument.

Senator GEORGE. Yes.

Mr. McDANIEL. That there will be some cases where the consumer of the domestic article has bought, we will say, below cost, because we have been endeavoring to keep the steadily mounting increase of imports down. You will see from that it will be impossible for us to estimate what the cost will be.

Senator GEORGE. As I understand you, by increasing your production and working to capacity, and so forth, you are not going to increase the cost to the consumer?

Mr. McDANIEL. It would increase it in the way in which I said.

Senator GEORGE. Yes; but with that exception? Why can you not meet foreign competition that way, then?

Mr. McDANIEL. There is too large a difference in the cost of production.

Senator GEORGE. Too large a difference?

Mr. McDANIEL. Yes;  $3\frac{1}{2}$  cents a pound and  $6\frac{1}{2}$  cents a pound, depending upon the size.

Senator GEORGE. You do not hope to get the Philippine Islands product taxed, do you?

Mr. McDANIEL. I am not going into that, sir, because we have stated the facts before the House and in our brief, and we are not asking for a duty at this time.

Senator GEORGE. I understand you have gone into that; but what I want to ask is this, if there are no limitations on the imports from the Philippine Islands, or no duties imposed, how will the tariff be of any material benefit to you?

Mr. McDANIEL. It will have to eliminate the competition of the low-priced labor of European countries and of Mexico, and—

Senator GEORGE. You have the Philippine competition to meet, and already they have grown up from nothing to practically one-half.

Mr. McDANIEL. That is a problem we must find a solution for.

Senator GEORGE. Until you do find that, would an increase in the duty be of benefit; unless they have reached the limit of their production? You do not think they have?

Mr. McDANIEL. You mean the Philippine manufacturers will probably increase their production and sell in this country?

Senator GEORGE. Yes.

Mr. McDANIEL. No; they have not reached their limit of production. They have reached the limit of the production capacity to-day; but of course they have still the privilege to increase their capacity.

There is one technical advantage which we recommend in the tariff act solely in the interest of fairness. Paragraph (b) of section 1005 is so worded as to permit a possible misinterpretation. That misinterpretation would, as a matter of fact, be beneficial to us, and we do not desire to be placed in the position of acquiescing to what is purely a mistake of verbiage. Our brief sets forth the suggested change.

There is one matter which the witness this morning stated, that I would like to speak of.

Senator SACKETT. What is that change you mention?

**Mr. McDANIEL.** We suggest that it read:

Cords, twines, and yarns not specially provided for, tarred or untarred, single or plied, any form of put-up, including many-end, wholly or in chief value of manila (abaca), sisal, henequen, or other hard fiber, 40 per centum ad valorem.

**Senator BINGHAM.** Is that in place of (b), or in addition?

**Mr. McDANIEL.** In place of (b).

Now, the reason for the change is this. Under the wording of the bill as it came from the House there is a possibility of misinterpretation which means that all of the articles enumerated in paragraph 1005 (a) would be taxed at 40 per cent ad valorem, which we do not believe is correct. That is brought about because of the wording, "Cords and twines (whether or not composed of three or more strands, each strand composed of two or more yarns)", would lead to a possible interpretation that cordage itself should take 40 per cent ad valorem, which is not correct.

**Senator BINGHAM.** You manufacture and sell rope of all kinds?

**Mr. McDANIEL.** Yes.

**Senator BINGHAM.** Will you tell us briefly, from your experience as a manufacturer and dealer in that, what percentage of that goes to the farmer?

**Mr. McDANIEL.** We know that 60 per cent of our rope is manila. We estimate that 60 per cent of that manila goes to the marine trade, which means about 35 per cent of our production goes to the marine trade. We estimate that up to 25 per cent goes to the drilling of oil wells.

Out of a total production of 140,000,000 pounds, 25,000,000 pounds goes to wrapping twine, such as that package over there is tied up with.

The manufacturers of wire rope use a vast quantity, possibly twenty to twenty-five million pounds, of what is known as centers, made of Java sisal or manila fiber. In every wire rope there is a center made of cordage. We can not estimate this exactly, but we estimate it will be 17 per cent of all types of hard fiber cordage goes to the farmer.

**Senator SACKETT.** It sounds as if the farmer would have to supply you with a little of that cordage.

**Mr. McDANIEL.** He takes 15 per cent or probably not more than 10 per cent.

**Senator BINGHAM.** In other words, instead of its being 70 per cent, as the last witness testified was his opinion, in your opinion, from the facts in your control as representing the Cordage Institute, which I presume takes care of the manufacturing and selling, you believe it to be nearer 10 per cent than 70 per cent?

**Mr. McDANIEL.** Yes.

**Senator BINGHAM.** And probably about 15 per cent.

**Mr. McDANIEL.** The Harvard Business School is making an exhaustive study of the hard fiber cordage manufactures, right this moment, on distribution, and they have analyzed all of the 1927 invoices, taking every invoice from about 9 or 10 of these manufacturers constituting over 60 per cent of the trade. They take certain invoices going into certain localities, we will say a hardware jobber in Minnesota and in St. Paul. Some of that does not go to the farmer and some of it does. We can not estimate exactly how much goes to the farmer, but when I say that it is not over 15

per cent, I am sure that every fair-minded man can look at those figures, which will be available, and they will say that estimate is more than fair.

Senator GEORGE. Fifteen per cent of the total quantity does go to the farmer directly, and in a wrapping twine which he has to use.

Mr. McDANIEL. I believe 10 per cent.

Senator GEORGE. That is a considerable sum in the aggregate.

Mr. McDANIEL. Not compared with what considerable sums are on other products. The farmer buys less than 50 cents worth of rope a year, based on our estimate.

Senator GEORGE. The farmer?

Mr. McDANIEL. Each individual farmer, taking the census figures of the number of farms.

Senator GEORGE. Where are those figures?

Mr. McDANIEL. I have not those with me. They are taken from the census.

Senator GEORGE. There are several millions of them, though.

Mr. McDANIEL. Yes; I believe there are several million farmers.

Senator GEORGE. You think they spend 50 cents apiece only. That is all the farmer can buy of your product when he has to buy all around. You are getting about your fair share. His purchasing power is very limited, and after he has bought all around in a very high market, he has not got much to buy with.

Mr. McDANIEL. This 50 or 60 per cent that the farmer uses possibly comes about from the inclusion of binder twine. I believe that binder twine is included in those figures.

Senator SACKETT. What has been the history of the business financially, of the cordage companies of this company, in the last seven years?

Mr. McDANIEL. The cordage business is one of the oldest in this country. They have made money in the past, as any industry has which has been able to survive for 100 years. I am not in the treasurer's office or the auditor's office of these different companies, and all I can tell you in answer to your question is the facts that I have picked up from trade papers, and so on, and I can tell you that the company which was mentioned here this morning, the stock has sold at considerably over 150, and in the last year it has sold as low as 55. I can tell you that another company, I have heard it spoken of in the trade, has been almost on the verge of bankruptcy.

I can tell you that another company which was not mentioned, whose stock is selling now at 42, has had its stock sell in the last seven or eight years—I do not know how far back—at 180.

You can not take any six months' statement as indicative of the economic welfare of a company.

Senator SACKETT. What I was trying to get at is, what has been the reputation in the trade as to the success, financially, of cordage companies in this country?

Mr. McDANIEL. The general reputation in the trade of the financial success of cordage companies in this country is such that those men who have money in it would like to get it out.

Senator SACKETT. Have they been losing money, or have they been making money?

Mr. McDANIEL. That would vary entirely with different companies. Some companies unquestionably have lost steadily for a number of years. Other companies may have made a little.

Senator SACKETT. Is that due to the internal competition, or is it due to imports?

Mr. McDANIEL. It is due to both.

Senator SACKETT. That is a very general statement. I was trying to get you to be a little more specific, if I could. Is there not a very violent internal competition in the cordage trade?

Mr. McDANIEL. I would not call it violent; no. That is a difficult question.

Senator SACKETT. Is there cutting of prices?

Mr. McDANIEL. There is competition; there is cutting of prices.

Senator SACKETT. Is there an overproduction?

Mr. McDANIEL. Absolutely; a very marked overproduction.

Senator SACKETT. And a still larger overcapacity for production?

Mr. McDANIEL. Let me go back to your previous question. Overproduction, naturally, if there is an overcapacity. There is probably overproduction.

Senator SACKETT. There is overproduction, and there is a very decided overcapacity?

Mr. McDANIEL. There is a very large overcapacity.

Senator SACKETT. Is that true of a great many businesses in this country?

Mr. McDANIEL. Oh, I think so.

Senator SACKETT. And that is not going to be remedied by a 300 per cent increase in the tariff?

Mr. McDANIEL. I think so, to a considerable degree.

Senator SACKETT. It can not be more than the amount of imports that are coming into this country from countries other than the Philippines, can it?

Mr. McDANIEL. It can affect it to some extent, where we have had to sell to keep these imports from coming down.

Senator SACKETT. Yes.

Mr. McDANIEL. And, of course, 300 per cent increase in a few years' time is quite material.

Senator SACKETT. If the total imports were added to the domestic output of cordage, you would still have a large potential overproduction, would you not?

Mr. McDANIEL. Yes; if we have imports increased another 300 per cent, in another five or seven years, though, we would—

Senator GEORGE. Are you not going to greatly increase the imports from the Philippine Islands?

Mr. McDANIEL. I do not think so, Senator, because there is always a possibility, in regard to the Philippine Islands, that as a last resort cordage manufacturers can go to the Philippine Islands. We do not want to do it, because we believe that the cost of producing large quantities in the Philippine Islands will be greater than the cost of producing that same quantity in the United States, due to the fact that we would have to introduce a number of skilled laborers into the Philippine Islands.

Senator GEORGE. Are not other manufacturers going over there from this country?

Mr. McDANIEL. No, sir. There are two manufacturers in the Philippine Islands. One is a Spaniard, and one is an American who has been there for a number of years. I would like to say, also, that one of the domestic manufacturers has a small mill in the Philippine

Islands, which he operates there for experimental purposes, to determine what it costs to produce there and to find out something about manufacturing in the islands, and it was put in there for that sole purpose. He has never shipped a pound of rope to the United States for resale.

Senator GEORGE. So that you do not anticipate any increase there?

Mr. McDANIEL. No, sir; I do not.

Senator BINGHAM. Your hope is that the Philippine Islands might get their independence some day, and then there would be this duty on this 6,000,000 pounds that comes in?

Mr. McDANIEL. No, Senator Bingham. My hope is that the Americans, including the rope manufacturers of America, some day can sit down and understand this problem, which is more far-reaching than cordage.

Senator GEORGE. If you could get into the Philippine Islands; but unfortunately, the American farmer can not pull up and move over there. He does not occupy a position to do that.

Mr. McDANIEL. I hope we never have to.

Senator BINGHAM. What is the fair average price in a retail store in the farming regions, of rope, per pound?

Mr. McDANIEL. The farmer, of course, buys Manila rope—he buys sisal.

Senator BINGHAM. Well, Manila rope?

Mr. McDANIEL. Manila rope would cost, the quality that he would ordinarily buy, 19 cents, which would be a second grade quality. If it was first grade it would be 21 to 22 cents.

Senator BINGHAM. About 21 cents a pound he pays for his rope.

Mr. McDANIEL. I was referring to the manufacturer's selling price to jobbers.

Senator BINGHAM. No. When I drive down to my country store and buy a piece of rope to hitch a team on, I buy it from this little store that deals with no one but farmers. What ought I to pay—what do I pay? I can not remember, myself, or I would not be asking you.

Mr. McDANIEL. Probably about 23 cents for No. 1 manila rope.

Senator BINGHAM. If this bill goes into effect, I would have to pay 25 or 26 cents a pound; is that right?

Mr. McDANIEL. No; you would pay—

Senator SACKETT. Three hundred per cent increase.

Senator BINGHAM. How much would I pay?

Mr. McDANIEL. It would depend on whether you had bought imported rope there, how much more you would pay, or whether you had been fortunate enough to buy rope where the manufacturer had been trying to keep this foreign rope from increasing.

Senator BINGHAM. We will not go into that. Now, I would have to pay, under this House bill rate, about 2 cents a pound more for my rope?

Mr. McDANIEL. The average; no, sir.

Senator BINGHAM. Why not? You increase the cost by 2 cents a pound?

Mr. McDANIEL. I can not agree with your premise, that is all.

Senator BINGHAM. But you say the present duty is three-quarters of a cent a pound, is it not?

Mr. McDANIEL. Yes.



Senator BINGHAM. The proposed duty is 2½ cents a pound?

Mr. McDANIEL. Yes.

Senator BINGHAM. That is an increase of almost 2 cents a pound.

Mr. McDANIEL. But I do not agree with you that it would increase every pound of rope used in domestic manufacture.

Senator BINGHAM. At any rate, let me say that if this goes into effect, the man who runs that retail store would have the right to charge me not more than 2 cents a pound additional?

Mr. McDANIEL. No, sir.

Senator BINGHAM. All right; he will, though.

Senator SACKETT. Did you say the imports were five or six million dollars outside of the imports from the Philippines—from other countries?

Mr. McDANIEL. Yes.

Senator SACKETT. What is the domestic production?

Mr. McDANIEL. The domestic production for the last decennial census was 149,000,000 pounds.

Senator SACKETT. And 6,000,000 imports from countries outside of the Philippines. Would this duty that the House has put on shut out practically that 6,000,000 pounds, or 4,000,000 pounds of it—something like that?

Mr. McDANIEL. No, sir.

Senator SACKETT. It would still let it come in?

Mr. McDANIEL. It would.

Senator SACKETT. Then what is the effect of putting that duty on? If it would still come in, the only effect of putting that duty on would be to raise the price of the other 143,000,000 pounds which is manufactured in this country, would it not?

Mr. McDANIEL. I think it will have the effect of raising the price to the extent of the duty which is put on, of that which is imported.

Senator SACKETT. If it only raises the price of that which is imported, such a small proportion of the whole thing, it would not affect the business to any extent at all.

Mr. McDANIEL. Why, Senator Sackett, if you have a commodity which you are competing against, at a price of 3 to 6 or 7 cents under your price, and you figure that your price is not returning you a reasonable return on your capital invested and—

Senator SACKETT. Yes.

Mr. McDANIEL. If you raise the price of that commodity you are competing with 2½ cents a pound, it is an easier competition, is it not? You have a better chance of convincing the buyer to pay 2 cents for the stuff, whereas you could not convince him that he ought to pay 4½ or 5 cents?

Senator SACKETT. That is true; but if it only applies to that 6,000,000 pounds, it is not a very material matter in the business, at all.

Mr. McDANIEL. It is quite material, because that competition spreads wide over this country.

Senator SACKETT. That would be \$120,000; 2 cents a pound on \$6,000,000.

Mr. McDANIEL. Yes.

Senator SACKETT. \$120,000 that the public would have to pay additional on that amount. You say it would not reduce the imports; it would simply make the public pay \$120,000.

Mr. McDANIEL. I do not say that it will not reduce the imports.

Senator SACKETT. You did a minute ago.

Mr. McDANIEL. I say that they will still be able to sell rope here.

Senator BINGHAM. He said it would not reduce the imports, in answer to the Senator's question. That is what he said.

Senator SACKETT. That is the reason I am asking these questions. Would it reduce the imports?

Mr. McDANIEL. I think it would.

Senator SACKETT. How much, do you suppose?

Mr. McDANIEL. It is impossible for me to guess at that. I would say 75 per cent.

Senator SACKETT. Then my question is this, that if it reduced the imports one-half, it would make the public pay \$60,000 more for the amount of stuff that was imported?

Mr. McDANIEL. Yes.

Senator SACKETT. How would it help you if the public paid \$60,000 more for the stuff that is imported?

Mr. McDANIEL. It will have given us that production for our mills, and every million pounds means a lot.

Senator SACKETT. Now, let us be fair. Is it not, in addition to that, that it would enable you to put an additional price on the balance of your goods?

Mr. McDANIEL. I am trying to be fair, Senator Sackett, and I do not believe that that is our purpose. I do not think that it would.

Senator SACKETT. Then the only object of increasing this duty is to make the public pay \$60,000 a year more for the stuff that they have been buying that is imported?

Mr. McDANIEL. The object of this tariff is to get as much of that foreign rope into the manufacturing plants of America as possible, and to prevent those imports from increasing another 300 per cent between now and the writing of the next tariff act.

Senator SACKETT. And there would not be any opportunity, as the result of that, to raise general prices greatly?

Mr. McDANIEL. I can not see it. There is domestic competition which would keep the price down within bounds.

The preceding witness said—or inferred, I will put it that way—that small cordage manufacturers could not operate. A number of the gentlemen who signed this brief who are not members of the organization I represent; one of them up in Milwaukee, and some in California. I do not believe there is one as big as the Plymouth Cordage Co. There is one up in Pennsylvania that is not one one-hundredth as big.

Right here I have a list and there are small men and big men on it. Small cordage manufacturers can operate.

Senator BINGHAM. All right.

Senator GREENE. If that is all, thank you.

#### STATEMENT OF VICENTE VILLAMIN, NEW YORK CITY, REPRESENTING PHILIPPINE INTERESTS

(The witness was duly sworn by Senator Greene.)

Mr. VILLAMIN. I represent Philippine interests.

Gentlemen of the committee, if I heard correctly, Mr. McDaniel, who preceded me on the stand, said two things which are very pleasant.

First, is as to the possibility of the cordage industry of the United States moving to the Philippine Islands. I wish to extend to him our most cordial welcome.

Second, he said in his oral statement that he is not in favor of the imposition of a duty on Philippine-made cordage. I would suggest that in order to make his brief responsive to his oral testimony that it be changed accordingly. His brief which he, with characteristic American courtesy and manliness, showed me on the first day of these hearings, suggested that Philippine cordage be placed on the dutiable basis.

That is all I care to say, and I wish to close with the re-statement of our position, to wit:

First, we are not projecting ourselves upon the contentious field of increasing or decreasing any tariff rate.

Second, we are desirous of continuing the present free trade relations between the two countries, without impairment, because it has proved mutually advantageous to the two countries. I thank you.

Senator BINGHAM. Mr. Chairman, I think it is very remarkable that the representative of a people generally considered more talkative than the Anglo-Saxon race, has taken less time than any other witness who has appeared before the committee.

Senator SIMMONS. And made one of the best statements we have had.

## ENDLESS WOVEN BELTS

[Par. 1015]

### STATEMENT OF JULES L. BAUER, REPRESENTING THE ENDLESS BELT CORPORATION, NEW YORK CITY

(The witness was duly sworn by Senator Greene.)

Senator GEORGE. Whom do you represent?

Mr. BAUER. The Endless Belt Corporation, New York City.

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

Mr. BAUER. No, sir.

Senator GEORGE. Did anyone represent your organization there?

Mr. BAUER. No one.

Senator GEORGE. What paragraph is that under?

Mr. BAUER. I am appearing here under paragraph 1015.

I come before you as the representative of the Endless Belt Corporation, with whom I am associated in New York. We are American manufacturers of a particular form of belting known as endless woven cigarette-machine belts. These belts are used in cigarette manufacturing machines for conveying the tobacco to be formed into cigarettes, and are essential for the cigarette manufacture. These belts, by the way, gentlemen, are made of pure linen yarn.

Senator BINGHAM. Now, in order that we may have in mind what you are asking for, will you tell us precisely what it is you have changed in paragraph 1015?

Mr. BAUER. Why, we would like to have a specific provision made for our product.

Senator GEORGE. In addition to the ad valorem?

Mr. BAUER. Yes; as well as a specific duty.

Senator GEORGE. Now, what are those? What is the proposal for the specific, and for the increase?

Mr. BAUER. Our proposal is as follows:

Endless woven cigarette-machine belts composed wholly or in chief value of cotton or other vegetable fiber, 1 cent per belt for each millimeter of width.

I would like to say here, gentlemen, that the present duty is under one or two paragraphs on merchandise. (Pars. 372, 913, act of 1922.)

As to rates of duty in this competing—

Senator BINGHAM. I do not like to interrupt you, but I want to get you straight. Where does that come in in that paragraph? Do you know how it comes into the paragraph?

Mr. BAUER. Which paragraph?

Senator BINGHAM. Paragraph 1015. You want these endless cigarette-machine belts to have 1 cent per belt for each millimeter of width? That is a specific duty.

Mr. BAUER. Yes, sir.

Senator BINGHAM. Just how does it come in, or fit in with the ad valorem mentioned, or is it entirely separate from the ad valorem?

Mr. BAUER. Yes; this is entirely separate.

Senator BINGHAM. And you are not asking for any ad valorem on these machine belts?

Mr. BAUER. No, sir.

Senator BINGHAM. Very well.

Mr. BAUER. At the present time the duty in these competing paragraphs is the same, 30 per cent ad valorem, and whether they have been classified under one or the other is immaterial.

I want to bring to your attention, gentlemen, that our company was formed during the war. These endless belts had formerly been manufactured in Europe—in Germany, to be specific—and at the time the war came on our company was practically drafted by the American cigarette manufacturers, because of our knowledge of cigarette machinery, and also because of our knowledge of the endless belt.

Senator BINGHAM. Can you tell me—I am ignorant on this matter—how do you tell an endless cigarette-machine belt from any other type of endless belt of similar size?

Mr. BAUER. I would be very pleased to show you a sample [exhibiting sample to the committee]. That belt is endless woven and has no joints, and is used in rolling the cigarette, forming it, and getting it in shape.

Senator BINGHAM. Is there nothing of similar character imported?

Mr. BAUER. There is nothing of similar character imported, except the product that was manufactured in Germany.

Senator BINGHAM. What is that exception?

Mr. BAUER. The belts, up to the time of the war, were manufactured entirely in Germany.

Senator BINGHAM. Yes.

Mr. BAUER. And at the time the war broke out we were called upon to manufacture these belts because the German supply was cut off.

Senator BINGHAM. And now the German belts are increasing in number; the importation has increased?

Mr. BAUER. Exactly.

Senator BINGHAM. What are the figures?

Mr. BAUER. There are no figures available, for the reason that there is no part in this paragraph. They may be brought in as machine parts, or any other thing under this paragraph.

Senator BINGHAM. In other words, there are no official figures available?

Mr. BAUER. There are no official figures available.

Senator BINGHAM. You must have some estimate, yourself, as to about how many are being brought in.

Mr. BAUER. Quite right. It would be purely an estimate, however.

Senator GEORGE. What about your own production?

Mr. BAUER. Our own production is in the neighborhood of 200,000 belts per year.

Senator GEORGE. Is it increasing or decreasing?

Mr. BAUER. It is decreasing.

Senator GEORGE. Can you give us the rate of decrease?

Mr. BAUER. We estimate at the present time there are approximately 50,000 of those belts brought in from abroad.

Senator GEORGE. That is an estimate?

Mr. BAUER. That is purely an estimate.

Senator BINGHAM. Can you tell us how your business has been diminishing in the last five years?

Mr. BAUER. Why, yes, sir. I can give you an estimate of that. As you gentlemen perhaps know, the cigarette industry has increased enormously in the last five years. It is quite natural, therefore, to assume that the consumption of these endless belts should be greater. Instead of being greater, our production has decreased. Four or five years ago we sold as many as 300,000 or 400,000 belts; our production now is about 200,000, as I stated a moment ago.

Senator BINGHAM. How many years ago did you say it was so large?

Mr. BAUER. About 300,000 or 400,000 belts.

Senator BINGHAM. When?

Mr. BAUER. Three or four years ago.

Senator BINGHAM. Within the last three years, then, it has been cut in two?

Mr. BAUER. Yes, sir. We feel that the German manufacturers, due to the stabilization of the mark, have had a chance to stabilize their business, and they are now coming after the business that they had before the war.

Senator BINGHAM. How many people do you employ?

Mr. BAUER. Our industry is not a large one, and employs only 75 people.

Senator BINGHAM. It is important to those 75 people.

Mr. BAUER. It is important to those 75 people; and also important because of the fact that it is an American industry established since the war.

Senator GEORGE. What do you make them out of? What is it made of? Flax?

Mr. BAUER. That is a pure linen thread.

Senator GEORGE. A linen thread?

Mr. BAUER. Yes, sir.

Senator BINGHAM. One more question, and then I will not interrupt you again for a while. How much increase over the present tariff do you figure that the specific will give you?

Mr. BAUER. We have asked for an increase on the basis of millimeter width; that is, 1 cent on each millimeter width. The reason we have asked for it on that basis is because these belts have always been sold on that basis. This is the most popular size [indicating sample], representing 90 per cent of the product. That would be 40 cents duty.

Senator BINGHAM. Per belt?

Mr. BAUER. Per belt; whereas our present duty is approximately 7 cents.

Senator BINGHAM. Per belt?

Mr. BAUER. Per belt.

Senator BINGHAM. You are asking us then to increase it by several hundred per cent?

Mr. BAUER. I am.

Senator BINGHAM. All right.

Mr. BAUER. We have been supplying the American manufacturers with a goodly proportion of their requirements. That has been before the past few years. However, our business is seriously affected by offers of the German endless-belt manufacturers, who are determined to reestablish their dominant position which they held before the war.

We do not represent that our industry is a large one, but it does give employment to 50 or 75 workers. And the average male worker's wage is from \$30 to \$35 per week; and the average female worker's wage is \$20 per week.

Our average selling price for the year 1928 was \$0.5219 per belt, and our average net cost was \$0.5107 per belt. You can therefore judge, gentlemen, by these figures, that we have been selling our belts practically at cost, and we are kept at this low selling price by the continuous attempt on the part of the German manufacturers to again obtain control of this market.

We have not been able to ascertain the number of German belts imported since 1922 because of the fact, as I stated in the first part of my talk, that such belts may be included in the statistics covering machine parts. That is, the paragraph at the present time provides that these endless belts can be imported as machine parts.

Senator GEORGE. Pardon me. Is that belt used on an American patented machine, or a German machine?

Mr. BAUER. On an American machine.

Senator GEORGE. Patented?

Mr. BAUER. On a machine made by a machine company in Brooklyn, and we use 90 per cent of the manufacture of that company.

Senator BINGHAM. What is the normal life of that machine?

Mr. BAUER. I should say a million to two million cigarettes.

Senator BINGHAM. That sounds a great deal like smoking them. I mean how many days?

Mr. BAUER. A machine will make approximately a half million a day.

Senator BINGHAM. How long will that machine last?

Mr. BAUER. Sometimes a day and sometimes longer. There is a great deal of dirt in the tobacco, sometimes stones, or nails, get in there out of the hogshead, and sometimes they tear them out in a few hours. I should say an average of a day and a half to two days.

We do know, gentlemen, that the German manufacturers are selling belts as low as 8 marks per dozen, which, translated into American money, is about \$2 per dozen.

Senator BINGHAM. What is your selling price?

Mr. BAUER. Our selling price is approximately 55 cents.

Senator BINGHAM. Per dozen?

Mr. BAUER. A piece.

Senator BINGHAM. What is the price per dozen?

Mr. BAUER. If you will recall, sir, I said our cost is 51 cents. We have had to sell sometimes below that average, just about the cost of manufacture.

I would like to offer as evidence, gentlemen, the price list I received from Germany, indicating 8 marks per dozen. That is a photostatic copy. I have the original ready here if you wish to see that.

(The price list referred to is as follows:)

**SPECIAL PRICE LIST OF FRIEDRICH WELLER, DRESDEN-WEISSER HIRSCH**

*DRESDEN-WEISSER HIRSCH, January, 1928.*

Belts and tapes in all qualities and manners of weaving; for all systems of cigarette machines (UM UK Universelle, Standard, etc.), approved in all the world, 15 to 55 millimeters wide; 1,530 to 2,400 millimeters long, 8 to 15 reichsmarks per dozen.

Cigarette paper, best French quality, Egyptian, supercombustible, vergé, etc., 14-22 grs/qm bobbins, 1,560 meters, 0.095 reichsmark per millimeter of width.

E—Gold, paper back, four shades, nonoxydating, soft, first quality, bobbins of 300 meters, 0.12 reichsmark per millimeter of width.

E—Colors, same quality, bobbins of 300 meters, 0.15 reichsmark per millimeter of width.

Striped tips, best paper, bobbins of 300 meters, 0.25 reichsmark per millimeter of width.

Rose tip, soft quality, bobbins of 300 meters, 0.20 reichsmark per millimeter of width.

Clean silk imitation, various colors, gold and silver, bobbins of 300 meters, 0.13 reichsmark per millimeter of width.

Straw, first-class quality, bobbins of 100 meters, 0.52 reichsmark per millimeter of width.

**SPECIALTIES, NOVELTIES**

Film gold, paper back, three shadings, bobbins of 300 meters, 0.10 reichsmark per millimeter of width.

Nacre bobbins, four designs, stamped or polished, bobbins of 100 meters, 0.30 reichsmark per millimeter of width.

Paper tips, silk stamped, bobbins of 300 meters, 0.08 reichsmark per millimeter of width.

Straw, imitation, soft, approved, bobbins of 300 meters, 0.09 reichsmark per millimeter of width.

Prices made in German reichsmarks, c. i. f. your town; not duty paid. Payment against documents. Delivery within eight days from receipt of your command. In aluminium foils, papers and cardboards for cigarette boxes, and other accessories, special offers against your samples.

Mr. BAUER. I just mentioned, and have offered to prove, that the German cigarette-machine belt manufacturers are selling these belts as low as 8 marks per dozen. However, the highest selling price I know of is \$3 per dozen, or approximately 25 cents per belt. Adding the present duty of 30 per cent ad valorem—90 cents—and the freight and insurance, and the packing, and getting the belts from Germany to New York, brings the landed cost of the German belts to \$4.08

per dozen, or \$0.34 per belt landed in this country. This will demonstrate, gentlemen, that the German belt can be landed in New York, duty paid, at a price substantially below our cost; that is, 34 cents for the German belt, against our cost over a period of years which averaged 51 cents, or approximately 17 cents per belt cheaper.

We believe that we are entitled to adequate protection for the purpose of preserving an American industry, which, although comparatively small, was built up at a large expense, and which, without proper protection, would undoubtedly be destroyed in due course of time, as the German manufacturers become more aggressive in their attempt to dominate this market.

Senator SACKETT. How many manufacturers are there in this country?

Mr. BAUER. We are the sole manufacturers. There is a limited consumption for that belt.

Senator SACKETT. How many people do you employ?

Mr. BAUER. Seventy-five people.

Senator SACKETT. Seventy-five people?

Mr. BAUER. Yes, sir.

Senator SACKETT. Where are you located?

Mr. BAUER. In New York City.

Senator SACKETT. What is your output?

Mr. BAUER. At the present time 200,000 belts per year.

Senator SACKETT. Is that enough to take care of the requirements in this country?

Mr. BAUER. No; I think the requirements must be about 50,000 to 70,000 more, which additional requirements, I believe, are imported belts, and which number has substantially increased each year.

I have here a circular which I received only yesterday, in which a German manufacturer has started to circularize this country, and which you will notice has a reproduction of our trade-mark, the Globe, which is registered in the United States Patent Office.

Gentlemen, I respectfully ask permission to file a brief and to offer the evidence which I have brought forth today.

Senator GREENE. All right.

Senator GEORGE. You verify the brief?

Mr. BAUER. Yes, sir.

Senator GEORGE. I want the record to show that you do verify the facts stated in your brief.

Mr. BAUER. Yes, sir.

Senator SACKETT. Are these belts used for the transmission of power?

Mr. BAUER. Not for the transmission of power. They are strictly forming and rolling belts.

Senator GREENE. Thank you very much.

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

**BRIEF OF THE ENDLESS BELT CORPORATION, NEW YORK CITY**

Hon. REED SMOOT,

*Chairman Committee on Finance,*

*United States Senate, Washington, D. C.:*

We are manufacturers of a particular form of belting known as endless woven cigarette-machine belts. These belts are used in cigarette-manufacturing machines for conveying the tobacco to be formed into cigarettes. A sample of the belt accompanies this brief.



Imported belts of this character are now assessed with duty under paragraph 913, or paragraph 372, tariff act of 1922.

Paragraph 913, act of 1922, provides specifically for "belting for machinery, composed wholly or in chief value of cotton or other vegetable fiber, or cotton or other vegetable fiber and india rubber, 30 per centum ad valorem."

Paragraph 372 of the same act, provides for "all other machines or parts thereof, finished or unfinished, not specially provided for, 30 per centum ad valorem."

As these belts are in chief value of a vegetable fiber, namely, flax, they are now within paragraph 913, and as they are also parts of machines, they are also within paragraph 372. As the rates of duty in the competing paragraphs are the same, 30 per cent, whether they were classified under one or the other has been immaterial.

In H. R. 2667, however, paragraph 913 has been changed to provide for "belts, belting, and ropes for the transmission of power, wholly or in chief value of cotton or other vegetable fiber and india rubber, 40 per centum ad valorem."

The endless belts which we manufacture are conveyor belts and, therefore, could not be classified in the proposed paragraph 913 which is limited to power transmitting belts.

Paragraph 372, as proposed in H. R. 2667, provides for parts of machines, but limits such parts to such as are wholly or in chief value of metal. These belts could not, therefore, be classified in this new paragraph 372, as parts of machines.

Being in chief value of linen thread, they would, therefore, probably be classified under the "catchall" paragraph, paragraph 1023, Schedule 10, H. R. 2667, which provides for "all manufactures, wholly or in chief value of vegetable fiber, except cotton, not specially provided for, 40 per centum ad valorem."

Or they perhaps might be within the provision in paragraph 1015, H. R. 2667, for "\* \* \* tubings \* \* \* wholly or in chief value of vegetable fiber, except cotton, or of vegetable fiber, except cotton, and india rubber, 35 per centum ad valorem."

In order to prevent uncertainty in the classification of imported endless belts of this character, we believe there should be a specific provision therefor, and that for the reasons hereinafter stated the rate of duty should be increased in view of the increases in the rates of duty on linen thread, in H. R. 2667, paragraph 1004, Schedule 10, from which these belts are manufactured.

The manufacture of these endless cigarette-machine tube belts requires highly specialized machinery and skilled workers. Prior to 1922, due to war conditions and readjustment of the industry, there were, for possibly eight years or more, no belts of this character imported. The Endless Belt Corporation was formed during the war for the reason that there was no source of supply and this belt being essential for the production of cigarettes, we were practically drafted by the American cigarette manufacturing industry to develop the machinery necessary for the manufacture of these endless belts, because of our familiarity with their industry, and also with the belts.

We accordingly invested a very large sum of money in the development of such machinery and in establishing the manufacture in the United States of these belts. Since then we have been supplying the American cigarette manufacturers with a good portion of their requirements in this particular belting.

However, our business is being seriously affected by offers made by German manufacturers of endless cigarette belting, who are determined to regain the dominant position they enjoyed before the war.

It is common knowledge that since 1922 there has been a very large increase in the consumption of cigarettes, and this has been reflected in an increased demand for our belts. We do not represent that the industry engaged in the manufacture of these belts is a large one, but it does give employment to an average of 50 to 75 workers, male and female. The average male wage is from \$30 to \$35 a week, and the average female wage, \$20 per week.

Our average selling price for the year 1928 was \$0.5219 per belt, and our average net cost was \$0.5107. It will, therefore, be seen that this company has been selling its belts at practically cost and the reason for this has been, as stated, the continued attempts of German manufacturers to again obtain control of this market. Unfortunately, we are unable to ascertain the number of belts of German manufacture imported since 1922, as this information is not available because of the fact, as stated, that such belts may be included with the statistics covering parts of machines.

We do know, however, that these German-made belts are selling at a price averaging \$2.50 to \$3 per dozen, f. o. b. Germany, which, with the present duty of 30 per centum ad valorem added, and the freight (which is very insignificant)

will land the belt in this country much below our cost of manufacture, as illustrated by the following example:

*Foreign selling price and landed cost of German endless cigarette machine belt*

|  | Per dozen     | Per belt    |
|--|---------------|-------------|
| Selling price (extreme) f. o. b. Germany.....            | \$3. 00=      | \$0. 250    |
| American import duty.....                                | . 90=         | . 075       |
| Freight and insurance, packing, Germany to New York..... | . 18=         | . 015       |
| <b>Landed cost.....</b>                                  | <b>4. 08=</b> | <b>. 34</b> |

The above example demonstrates that the German belts can be landed in New York, duty paid, at a price substantially below our cost, that is, \$0.34 for the German belts against our cost of \$0.51, or approximately \$0.17 per belt cheaper.

The endless belts for cigarette manufacturing machines are sold in sizes according to the diameter and shape of the cigarette. The largest demand is for belts which are from 3/4 to 1 1/8 inches in width (equivalent to 19 to 27 millimeters) and 86 inches in circumference. Within this range of sizes is represented 90 per cent of our manufacture and it is these sizes that the above German quotations cover.

We believe that we are entitled to adequate protection for the purpose of preserving an American industry, which, although comparatively small, was built up at a large expense, and which, without proper protection, would undoubtedly be destroyed in due course of time, as the German manufacturers become more aggressive in their attempt to dominate this market.

We, therefore, suggest that these belts be provided for in paragraph 913, H. R. 2667, by the addition of the following specific provision:

"F.R. 913. \* \* \* endless woven cigarette-machine belts, composed wholly or in chief value of cotton or other vegetable fiber, 1 cent per belt for each millimeter of width."

The reason why we ask that the duty be based on a millimeter width basis, is that these particular belts are sold by metric measurements. The selling price is based upon the millimeter width and also the circumference or length, but inasmuch as more than 90 per cent of the belts used in this country are of 2,200 millimeter lengths, or the approximate equivalent of 86 inches length or circumference, for simplicity in the new proposed paragraph it is asked that the duty be assessed on the millimeter width. Labor is the principal item of cost and consequently such cost varies according to the width of the belt.

Respectfully,

ENDLESS BELT CORPORATION,  
New York City.

## LINOLEUM

[Par. 1020]

### STATEMENT OF J. J. EVANS, JR., LANCASTER, PA., REPRESENTING THE DOMESTIC LINOLEUM INDUSTRY

(The witness was duly sworn by Senator Greene.)

Mr. GREEN. Proceed.

Mr. EVANS. I am substituting for Mr. H. M. Clark, who was unable to attend. I am representing the entire domestic linoleum industry.

Mr. GREEN. What paragraph do you come under?

Mr. EVANS. Paragraph 1020. We appeared before the Ways and Means Committee, and the information that I wish to present this morning is entirely new and additional to that.

This brief is in behalf of the American manufacturers of linoleum and relates to Schedule 10, paragraph 1020.

(The brief referred to is printed at the conclusion of Mr. Evans' remarks.)

Senator BINGHAM. In other words, you are asking for a compensatory duty, if we raise the duty on flax then raise it on burlap?

Mr. EVANS. Yes, sir.

Senator SACKETT. Does that compensatory duty that you ask apply to all linoleums, inlaid and plain, or doesn't it make any difference?

Mr. EVANS. Yes; I will show by the tables here how that can be determined.

Senator SACKETT. How do imports run under the 1922 act?

Mr. EVANS. The last figures I have show they have been decreasing. That is probably the answer you want.

Senator SACKETT. I want to know. I do not know whether that is the answer I want or whether it is not.

Mr. EVANS. They have decreased from 1924, 1,504,000 yards: in 1928, 723,000 yards.

Senator SACKETT. Is that separated between inlaid linoleum?

Mr. EVANS. Yes.

Senator SACKETT. It is that you are giving?

Mr. EVANS. That is the total.

Senator SACKETT. Have you got the separation there?

Mr. EVANS. Yes. The inlaid linoleum went from 638,000 yards to 502,000 yards between 1924 and 1928. And other linoleum, 866,000 to 221,000 in 1928.

Senator SACKETT. It looks like you had a pretty good duty at that time.

Mr. EVANS. I will give an explanation of that by quoting from the importers' brief. They give the explanation there. The reason for that is that the variety, design, and colors are not suitable for this market. Designs without colors can be had overnight at no additional cost. Had they done it their imports would not have decreased.

Senator GEORGE. You do not think they would have done that if they could have done it very often? Why didn't they do it?

Senator SACKETT. Especially if they could do it overnight.

Mr. EVANS. That they have not?

Senator SACKETT. It looks like that is additional protection to them.

Mr. EVANS. The fact is they have not.

Senator SACKETT. They can not do it?

Mr. EVANS. They can do it.

Senator SACKETT. For some reason they have not?

Mr. EVANS. Apparently they have not wanted to. I am under oath and I am giving you my own opinion. They can do it. They have not.

Senator GEORGE. Has American production gone steadily up?

Mr. EVANS. Yes.

Senator GEORGE. From 31,000,000 square yards in 1919 up to 49,000,000 in 1927?

Mr. EVANS. Yes.

Senator GEORGE. American exports have gone steadily up?

Mr. EVANS. Yes.

Senator GEORGE. And imports have gone steadily down?

Mr. EVANS. I will put a word of explanation in there on exports. I do not wish to go back into an old matter, but our exports from this

country are made up of those materials, the major portion of which of each of those materials they have not yet seen fit to make abroad, although they can do it.

Senator GEORGE. You have domestic production, exports, and your imports, all showing most favorably under the old rates.

Mr. EVANS. I do not feel that we should be penalized as being progressive in this country.

Senator SACKETT. The President in his message said that private interests that had suffered from imports should be protected.

Mr. EVANS. Potential.

Senator SACKETT. He did not say anything about potential. He didn't say a word about potential. He said that had suffered from imports.

Mr. EVANS. The progressive linoleum manufacturer abroad can make the same patterns we do and with no additional cost and they can do it overnight. Those are facts. Then they could come in.

Senator SACKETT. You know about the flexible provision of the tariff act?

Mr. EVANS. Yes.

Senator SACKETT. Is it not true that one of the purposes of the flexible provision is to take care that if it should develop that foreign manufacturers did meet your specifications and then imports began to increase rapidly, that the President is authorized on the report of the Tariff Commission to increase the rate of duty, but at the present time, nothing showing, your tariff is more than enough to increase the domestic production materially and your companies have done pretty well financially in this country?

Mr. EVANS. Five out of six manufacturers in this country have made no money in the last two years on their linoleum properties.

Senator SACKETT. Do you make that statement under oath?

Mr. EVANS. Yes.

Senator SACKETT. Why do they go on making so much more material?

Mr. EVANS. If I may go back, I tried to explain that the imported material, what we call import, has been sold on a price, and in 1927, the last figure of the Government biennial census of the Department of Commerce, showed that in this country the value of linoleum made was \$42,000,000. In that same year there was imported into this country, if the foreign figure is put on the American value, about \$3,000,000 of linoleum brought in without any effort, sold entirely on price. That is a pretty large percentage of the market and that tends to keep the price of the American manufacturer down. They are competing among themselves with the imported prices.

Senator SACKETT. Is there not a considerable financial effect by competing among themselves more than the import?

Mr. EVANS. I can not answer that.

Senator SACKETT. You are familiar with the business.

Mr. EVANS. If you have \$3,000,000 linoleum in this market, and if we put your prices to the point where you can make a little profit, there will be a flood of it coming in here.

Senator SACKETT. Your statement is that there would be a flood because they are not making a good linoleum?

Mr. EVANS. If the prices were raised the difference would be greater and they could come in with a standard commodity or staple commodity.

Senator SACKETT. You have hardly put yourself under the presidential suggestion as yet.

Mr. EVANS. What we are asking for is a little less. We still want to give them an advantage in production cost. We are asking that we be protected almost to the point of equalizing production costs in this country and abroad, and we are becoming conservative. The production costs of Great Britain are higher than those of other competing countries, other manufacturing countries, although there are some ten.

Senator GEORGE. You say there are how many linoleum manufacturers in this country?

Mr. EVANS. Six.

Senator GEORGE. Five of them have not made money?

Mr. EVANS. Yes.

Senator GEORGE. In how many years?

Mr. EVANS. Two.

Senator GEORGE. Can you tell us how much these increased House rates will add to the cost of your product, or cost to the consumer?

Mr. EVANS. I will give you my own opinion. I do not believe they will change them at all. The only change in the price will be that we will have to pay for the increase in raw material.

Senator GEORGE. I am not speaking of the rate you now ask. I am asking about the increases or changes made by the House—will that increase the cost of your article to the American consumer?

Mr. EVANS. No.

Senator GEORGE. It will not?

Mr. EVANS. No.

Senator GEORGE. Have you worked out that or are you just giving your opinion?

Mr. EVANS. I am giving my opinion.

Senator GEORGE. You have not worked that important thing out; and nobody else that has appeared here yet. I do not recall a single instance. How much more will your rates increase the cost of your product to the American consumer than the rate carried in the House bill?

Mr. EVANS. May I get that again?

Senator GEORGE. The changes of rates that you now suggest; how much will they add to the cost to the American consumer for this product?

Mr. EVANS. I do not know what those will be. It depends on where our raw material finally lands.

Senator BINGHAM. All he is asking for is a compensatory duty. If there is no duty put on these other things, he is not asking for any.

Senator GEORGE. I understood there is a duty put on flaxseed since you appeared before the House?

Mr. EVANS. It has gone from 36 to 45. Our prices of linoleum have not changed.

Senator GEORGE. If you get that rate here that you want, how much are you going to add to the cost of the American consumer of that product? I think that is material in its effect on the ordinary manufacturer.

Mr. EVANS. No more than the increased cost of linseed oil and burlap.

Senator GEORGE. You are getting a burlap duty that you pass to the consumer but you do not come here and show how much you are going to add to the cost of your article.

Senator BINGHAM. They do not know how much they are going to add to the cost, because they do not know what we will do on it.

Senator GEORGE. But they know what has been done and what they are asking. He knows what has been done. You did not hear all his testimony.

Senator BINGHAM. All they are asking is a compensatory duty.

Senator GEORGE. I do not think you heard all the witness's testimony. He said that when they appeared before the House Ways and Means Committee the House raised certain duties which materially affected the price that they would have to ask on their cordage to compensate them.

Senator BINGHAM. I understand.

Senator GEORGE. What I am asking is, on the basis of these increased duties, how much you are going to add to the cost to the American consumer of this product?

Mr. EVANS. The amount they give us in addition to what they are now paying for raw material.

Senator GEORGE. In other words, if we take off duties put on in the House, take off the duty on flaxseed, on burlap, the increased duty, you would not increase the price at all?

Mr. EVANS. That is right.

Senator GEORGE. And would not ask for any increased duty here?

Mr. EVANS. Exactly.

Senator GEORGE. You did ask for it before the House before you knew they were going to put this in.

Mr. EVANS. For an increase of duty than to offset the raw material.

Senator GEORGE. No; you went before the House Ways and Means Committee and asked for increased duty on linoleums.

Mr. EVANS. We asked for what we got.

Senator GEORGE. Did you not ask for an increased duty on linoleum? That is a plain question.

Mr. EVANS. Yes.

Senator GEORGE. That was before the House dealt with these raw materials that enter into your product?

Mr. EVANS. Yes. We asked for duties that would more nearly equalize the cost of production in this country and in Great Britain.

Senator GEORGE. I understand that, but you do not come giving any information about how much you are going to increase the cost to the American consumer of this particular article. You say in your opinion it will not increase it.

Mr. EVANS. I have already answered that by saying we would increase it only by the amount additional that they would put on our raw material.

Senator GEORGE. I am asking you how much that would be.

Mr. EVANS. That I do not know. I do not know what we will have to pay for our raw material.

Senator GEORGE. You know what the House has put on.

Mr. EVANS. Going to 56 by the President's proclamation.

Senator GEORGE. It would be a simple matter in the case of a product that costs the American housewife \$2.50 for you to come here and say how much more it is going to cost the American house-

wife to buy that particular article based on what the House did. I have asked you about it and in your opinion it will not make any change.

Senator BINGHAM. On ordinary linoleum there is not. Is that correct?

Mr. EVANS. Yes.

Senator BINGHAM. And ordinary linoleum will not cost the housewife any more whatever. The only increase is on the special inlaid linoleum.

Senator GEORGE. I understood you to say that you wanted the same duty applied to inlaid and ordinary.

Mr. EVANS. With compensatory increases on raw material. The same compensatory duty.

Senator GEORGE. The same compensatory duty?

Mr. EVANS. Yes.

Senator GEORGE. You do not want the same duty on them?

Mr. EVANS. No.

Senator SACKETT. You said these five linoleum manufacturers had not made money for two years.

Mr. EVANS. On their linoleum products.

Senator SACKETT. This tariff we have has been in effect for several years. What was the result on linoleum during the first five years of that? Had they made money during that first five years?

Mr. EVANS. Some of them, yes; I do not know the figures for all the companies.

Senator SACKETT. During that time there has been no increase in importations, has there?

Mr. EVANS. No, sir.

Senator SACKETT. If they made money during the first five years and they did not make money during the last two years, and there was no increase of importations during that time, would it not be self-evident that their trouble was internal competition?

Mr. EVANS. I would say, largely.

Senator SACKETT. Then if there was sufficient duty to take care of them during the five years, the fact that they did not make money during the last two years is no reason for asking for an increase of duty.

Mr. EVANS. No. I do not present that as a reason.

Senator SACKETT. For some reason you did ask for an increased duty from 35 to 40 per cent.

Mr. EVANS. To equalize more nearly, still leaving the advantage with the foreign manufacturer, but equalize more nearly the cost of production here and abroad.

Senator SACKETT. And yet for the first five years of the tariff you got along all right and it is only the last two years that caused you to ask for that equalization.

Mr. EVANS. We would have asked for something if this had happened before.

Senator SACKETT. But you would not have gotten in.

Senator BINGHAM. There are some interesting figures in the summary showing that the demand for linoleum has decreased. For instance, in 1923, the year after the tariff was passed, the domestic production was 53,000,000 square yards, and in 1927, last year, the reports give only 49,000,000 square yards. In 1923, the same

year the importations were 1,700,000 square yards, roughly and in 1927 the importations were 1,061,000 square yards, a reduction in the amount imported of something over 625,000 yards, a reduction in the amount produced in this country of nearly two and a half million square yards, so evidently there has been a very distinct decrease in demand.

Senator SIMMONS. What is the cause for that decrease in demand?

Mr. EVANS. There is another product similar but cheaper, a material known as felt base. I believe the felt base is taking a part of the linoleum market.

Senator SIMMONS. Is the tariff going to help that situation? Is the increased cost of linoleum going to increase the demand for linoleum?

Mr. EVANS. I do not believe so. It will have this effect.

Senator SIMMONS. In other words, you say the decreased demand for linoleum is the result of some substitute for that?

Mr. EVANS. Yes.

Senator SIMMONS. It has taken from you a part of your market. Will increasing the price of linoleum enable you to regain what you have lost by reason of that competing article?

Mr. EVANS. I do not believe so; no, sir. We are not considering that in the picture. That is not a factor. What we are asking for is that there is \$3,000,000 worth of linoleum imported in here simply because of the price—we are asking for protection that will help us or allow us to compete with the other mills. That is coming in simply on price.

Senator BINGHAM. As I understand it, you are not asking, the House bill does not grant you, and you are not asking any increase in the duty on ordinary linoleum except a compensatory duty to compensate you for increases in materials, namely, flaxseed and burlap. Is that correct?

Mr. EVANS. Yes.

Senator SACKETT. But you are asking an increase of duty on inlaid linoleum, although the imports have decreased rather than increased.

Mr. EVANS. May I read part of my brief on that?

Senator SACKETT. I am asking if that is a fact.

Mr. EVANS. That is what we are asking for because of the price proposition. We are building up the inlaid end of our business by advertising and spending money to educate America to the better product, an educational program, and the inlaid comes in here, practically the same material in some designs at cheaper prices, shown by the figures.

Senator SACKETT. He is not increasing his imports.

Mr. EVANS. The table here shows importations of inlaid linoleum compared with the total manufacture of linoleum from 1924 to 1928, inclusive. Inlaid linoleum in 1924 was 42½ per cent of the total imports, and in 1928, 11 months, the only ones available at the time this record was completed, 67.7 per cent, showing that this is a benefit derived from the money we are spending to develop that market. The reason why we make a difference between inlaid linoleum and all other is the fact that there is a greater difference in the cost of production of inlaid linoleum. It is a thicker material, more raw material and more labor in it.

Senator SACKETT. Let me ask you what is your domestic production of linoleum for each one of these years?



Mr. EVANS. Eighteen million one hundred seventy-six thousand five hundred and ninety square yards in 1927, and in 1925 it was 19,164,285 square yards.

Senator SACKETT. What was it in 1924?

Mr. EVANS. I do not have those figures.

Senator SACKETT. That is an important thing you ought to have. Can you furnish it?

Mr. EVANS. It is in the tariff information.

Senator SACKETT. Not tariff, your domestic production.

Mr. EVANS. These figures are from the Department of Commerce reports.

Senator SACKETT. Put it in the record.

Mr. EVANS. I can get it. There is one more explanation there. That is, I have tried to explain here why inlaid linoleum requires a higher amount than the other and have shown that to make the production cost equal it would require 43.06 per cent to make Great Britain's cost equal the United States, and I say that we have asked for 40 per cent on inlaid, and 35 per cent on all other, leaving quite a margin to the foreign producer.

Senator SIMMONS. Do I understand that you applied to the President for an increase under the flexible provisions of the tariff?

Mr. EVANS. No, sir; flaxseed was increased by the President.

(Mr. Evans submitted the following brief:)

#### BRIEF IN BEHALF OF THE AMERICAN MANUFACTURERS OF LINOLEUM

LANCASTER, PA., June 17, 1929.

This paragraph in the new bill passed by the House of Representatives reads as follows:

"Inlaid linoleum 40 per centum ad valorem; all other linoleum, including corticine and cork carpet, 35 per centum ad valorem; floor oilcloth, 20 per centum ad valorem; mats or rugs made of linoleum or floor oilcloth shall be subject to the same rates of duty as herein provided for linoleum and floor oilcloth."

It costs the American manufacturer \$1 to produce what can be made in Great Britain for \$0.699. A 40 per cent duty—the highest that was asked and that on inlaid linoleum only—would add \$0.28 to the cost of the British linoleum in the United States and would make the combined manufacturing cost and duty \$0.979 as compared with the \$1 actual factory cost per unit of the American producer. On all other linoleum a 35 per cent duty was requested, the same as accorded in the act of 1922. This duty added to the manufacturing cost in Great Britain would make the total \$0.944, as compared with the American cost of \$1. These requested duties were included in the new bill as passed by the House of Representatives. Detail for these figures is shown in the brief filed with the Ways and Means Committee.

These duties are exactly what was needed at the time the bill was considered in the House. Since that time a new element has arisen. The duty on flaxseed has been increased from 40 to 56 cents per bushel by proclamation of the President under the flexible tariff provision. This has already increased the price of linseed oil. We understand that the Tariff Commission will soon submit a report to the President on the matter of increasing the linseed oil duty in order to keep step with the increased duty on flaxseed, its raw material. The House bill contains not only a higher duty on linseed oil than is in the existing law, but a duty on flaxseed that will compel an even higher duty on linseed oil if this committee adopts that flaxseed rate.

A very large element in our cost of production of linoleum is the cost of the linseed oil. It is the major element of the cost of the raw material of linoleum, and amounts to about 20 per cent of the total production cost. The raising of the duty on linseed oil, therefore, makes a new problem to the linoleum manufacturer, and is something that should be considered by this committee in fixing the rate of duty in the bill that this committee will frame.

This increased cost is shown below. In computing these figures the formula used by the domestic linseed-oil industry was employed. Duty on flaxseed at \$0.56 requires \$0.008533 per pound compensatory increase on linseed oil.

There are 2 pounds of linseed oil for every dollar of manufacturing cost in the United States. Using the above figures for the required compensatory increase on linseed oil, the duty required to make the manufacturing cost in Great Britain equal that in the United States is shown below. The middle column shows the United States cost on the basis of the flax duty shown in the first column, and the third show the duty required to make the manufacturing cost in Great Britain equal that in the United States.

| Flaxseed duty per bushel | United States cost | Equalizing duty required |
|--------------------------|--------------------|--------------------------|
| \$0.40                   | \$1.000000         | <i>Per cent</i><br>43.06 |
| .56                      | 1.017660           | 45.59                    |
| .63                      | 1.024534           | 46.57                    |
| .64                      | 1.025596           | 46.72                    |
| .65                      | 1.026660           | 46.88                    |
| .66                      | 1.027740           | 47.03                    |
| .67                      | 1.028800           | 47.18                    |
| .68                      | 1.029880           | 47.34                    |
| .69                      | 1.030940           | 47.49                    |
| .70                      | 1.032000           | 47.64                    |
| .71                      | 1.033060           | 47.79                    |

There are two grades of burlap—the “bagging” burlap and the finest grade made known as Hessians. None of this latter type has ever been satisfactorily produced in India. It is this grade only which is used in the manufacture of linoleum. It is not possible to make linoleum on any cotton fabric yet developed, the nature of the cotton fiber making it impossible.

There is a square yard of burlap to every square yard of linoleum and, should there be a duty put on burlap, it would be necessary that the same increase be made on linoleum. In other words, whatever duty, if any, is put on burlap, exactly the same amount should be added to the ad valorem duty on linoleum.

Subsequent to the hearing on linoleum before the Ways and Means Committee of the House of Representatives, a brief was filed by the linoleum importers committee of New York City. This was in the nature of a rebuttal to the statement of the domestic manufacturers as presented at the public hearing before the Ways and Means Committee. This later brief appeared in the final revised edition of testimony presented before the Committee on Ways and Means.

Feeling that an explanation was required on some of the points included in this brief of the linoleum importers committee, a letter was sent to Hon. Charles C. Kearns, chairman of the subcommittee in charge of Schedule 10. This apparently was received too late to appear in print.

Presumably the information contained in the brief of the linoleum importers committee is before the Senate Finance Committee, and therefore we feel that the information contained in our answering letter should also be at their disposal. For that reason we are filing a copy of this letter with our statement.

There is submitted, herewith, samples of competing grades of foreign and domestic manufactured linoleum. The selling prices appear on the back of each sample. These are commented upon in detail in paragraph 7 of the brief that we submitted to the Ways and Means Committee.

We ask of this committee that the same phraseology and the same rates of paragraph 1020 of the House bill be retained, providing the duty on linseed oil and on burlap is the same as in the tariff law of 1922. If any change is made in the rates on linseed oil and burlap as they appear in that law, we ask that a corresponding and proportionate increase be made in the rates on linoleum.

Respectfully submitted.

J. J. EVANS, Jr.

For—

Armstrong Cork Co., Pittsburgh, Pa., and Lancaster, Pa.

George W. Blabon Co., Philadelphia, Pa.

Certain-teed Products Corporation, New York, N. Y., Trenton, N. J., and Philadelphia, Pa.

Congoleum-Nairn (Inc.), Kearny, N. J.

Sandura Co. (Inc.), Philadelphia, Pa., and Linoleumville, N. Y.

W. & J. Sloane, New York, N. Y., and Trenton, N. J.

(The letter referred to in the foregoing brief is as follows:)

APRIL 4, 1929.

Hon. CHARLES C. KEARNS,  
*House of Representatives, Washington, D. C.:*

The brief of the linoleum importers' committee, New York City, applying to paragraph 1020, linoleum, was filed subsequent to the scheduled time of the hearing before the Ways and Means Committee and has just appeared in print. We have therefore just received knowledge that such action has been taken. Since it is a rebuttal to the brief and statement filed by the American manufacturers of linoleum at the hearing, we feel that in all fairness we should have an opportunity to express our opinions on statements contained therein. We ask therefore that you give consideration to the following comments on the same:

The Summary of Tariff Information prepared for your committee states that the value of average annual imports of linoleum under the act of 1909 equalled \$1,836,865; under the act of 1913, \$652,532 and under the act of 1922 to the end of the calendar year 1927, \$1,536,774. These are foreign value. If we add to this the duty, transportation, insurance, profit, and other charges accrued, it will bring the total average imports under the present law to approximately three million dollars annually. This amount is more than sufficient to influence any market.

As explained by the importers' committee, "The foreign designs and colors are not suitable for this market." Designs and colors can be changed at any time without any additional manufacturing cost. In other words, had the foreign manufacturer cared to make patterns attractive to our market, imports would have been much greater and by the same token should he care to do so now, we can expect tremendous increases in linoleum imports.

The importers' brief takes exception to the manner in which the domestic manufacturers have stated the advantage to the British producer in the item of wages paid. Our statement was: "The American producer pays, in wages to his employees, 221 per cent over what is paid by British manufacturers, or more than twice." This is a fact, and as fair a statement as is possible.

In the next paragraph of the importers' brief they would infer that, because buildings and machinery have been in existence long enough to allow the maximum of depreciation to have been taken, the equipment is obsolescent or inefficient. We do not concur with them in this inference and cite as an example the fact that all linoleum is matured or cured in drying ovens. These are large brick compartments. Should additional of these so-called stoves be built to-day, they would be identical with those constructed years ago and would operate with the same amount of efficiency as long as they stand or until such time as radical changes in the process should become effective, which is not anticipated to-day.

One United States producer has 75 of these units constructed at a cost of over \$50,000 apiece, or a total expenditure of over \$3,750,000. The British manufacturer has the advantage of the same production from units which were built at a much smaller initial cost sufficiently long ago to have depreciated them to the limit, thus enabling him to produce linoleum without a heavy charge for equipment in contrast with the United States manufacturer.

It is stated in the importers' brief that the British linoleum manufacturers have been prosperous and further that so have the American manufacturers. In answer to this we call attention to the statement in our brief on page 8, line 5, of Article VIII: "Of the six producers of linoleum in the United States, five have earned no dividends on their linoleum property for at least two years, and dividends paid by the sixth company were moderate."

The next paragraph in the importers' brief gives United States production, imports, and export figures which differ slightly from those published by the Department of Commerce; 1927 production figures, the latest ones available, show the total linoleum production for that year of 49,921,494 square yards, representing a decline of 5.5 per cent from 1925, of which 18,176,590 square yards were inlaid linoleum, which figure is 5.2 per cent lower than in 1925. The total exports of linoleum for 1928 amount to 1,720,856 square yards, according to Department of Commerce figures, and not 1,819,836 square yards, as stated in this paragraph.

We have dealt with exports in Article X, page 11 in our brief, which, in short, explains that this represents mainly materials which the foreign manufacturer has not yet seen fit to make, although he is in a position to do so. These goods are sold at prices higher than those of the home producer. It is also pointed out that this business would disappear overnight should the home producer design patterns of the same type.

Felt base is an article which is not included in the scope of paragraph 1020, and therefore does not properly belong in this discussion. However, the fact that the foreign manufacturer does not supply felt base, although in a position to do so, is the reason why the United States manufacturer is able, at least for the present, to sell this article abroad.

The importers' brief takes exception to prices quoted and the statement that British linoleums are thicker than the competing grades of United States manufacturers. Both the prices and gages shown in our brief were taken from British published price lists.

In the last paragraph before the summary the importers state that the American manufacturer has an advantage due to the fact that he can sell defective merchandise at a lower price than perfect material. We can only say that this defective material, of course, has to be sold at the price it will bring which naturally is less than that realized on perfect goods. No manufacturer will make defective goods if it can be avoided, defective material representing a loss. Fortunately, this amount is small.

There is no reason why the foreign manufacturer, whose production includes a certain amount of this same classification of goods, can not import it if he so desires.

We again request consideration of the fact that the foreign manufacturer has been able, without any advertising, sales promotion, or extensive effort to sell in this country, at a profit, \$3,000,000 worth of linoleum per year because of advantages enjoyed in lower production costs—in other words, import without effort.

As stated in our brief, should the foreign manufacturer decide to make patterns in colors which appeal to the United States consumer and which he can make any time he wishes, at no additional cost, we can expect immediately a tremendous increase in imports. This is shown by figures. A few years ago, when the types of patterns made in this country were more similar to those made abroad, the imports were greater. As the American designs were adapted to the taste of the American consumer, imports declined. The importers' brief corroborates this statement. "And the reason for this is that the foreign designs and colors are not suitable for this market." Our brief contains proof that the foreign manufacturer is conscious of this and is taking steps to change accordingly.

Unless we receive the protection requested, which is not the full difference of production costs, we will suffer.

Respectfully,

ARMSTRONG CORK Co.,  
*Pittsburgh, Pa., and Lancaster, Pa.*

GEORGE W. BLABON Co.,  
*Philadelphia, Pa.*

CERTAIN-TEED PRODUCTS CORPORATION,  
*New York, N. Y., Trenton, N. J., and Philadelphia, Pa.*

CONGOLEUM-NAIRN (INC.),  
*Kearny, N. J.*

SANDURA Co. (INC.),  
*Philadelphia, Pa., and Linoleumville, N. Y.*

W. & J. SLOANE,  
*New York, N. Y., and Trenton, N. J.*

#### STATEMENT OF E. A. FIMMEN, NEW YORK CITY, REPRESENTING THE LINOLEUM IMPORTERS' COMMITTEE

(The witness was duly sworn by Senator Greene.)

Mr. FIMMEN. I represent the linoleum importers.

I am appearing before you on behalf of the Linoleum Importers' Committee with regard to the situation on Schedule 10, paragraph 1020, tariff act, 1922.

It is proposed to raise the present tariff on linoleum from 35 per cent ad valorem to 40 per cent, but the figures which I shall quote from the report of the United States Tariff Commission will, I hope, persuade you to reduce the present tariff from 35 per cent to 30 per cent.

The United States linoleum manufacturers request that the tariff on inlaid linoleum only be increased because of the fact that in 1924 imports of inlaid linoleum were 42½ per cent of the total imports of linoleum, while for the first 11 months of 1928 the imports of this article represented 67.7 per cent of the total imports. That statement is only half a truth, and the percentages as stated were brought about not by an increase of imports of inlaid linoleum, but because imports of linoleum other than inlaid decreased from 866,000 square yards in 1924 to 221,000 square yards in 1928, equal to a decrease of 75 per cent.

In the same period imports of inlaid linoleum decreased from 638,000 square yards in 1924 to 502,000 square yards in 1928, a decrease of 32 per cent.

To emphasize further our request for a reduction of the present 35 per cent ad valorem to 30 per cent, I would draw your attention to the figures of total imports of linoleum. In 1924 they were 1,504,000 square yards, but in 1928 they were only 725,000 square yards, a decrease of more than 50 per cent. These figures prove, I believe, that our request for a 30 per cent ad valorem duty is reasonable, and to confirm the solid position which the United States linoleum manufacturers have established the Government figures show that exports of domestic linoleum to foreign countries increased from 650,000 square yards in 1925 to 1,819,000 square yards in 1928, an increase in exports of almost 300 per cent as compared with a reduction of imports of over 50 per cent.

From these statistics it is clear that the linoleum industry in the United States is not only well protected, but has superprotection, and that a reduction of 5 per cent from the 1922 tariff would be completely justified.

I can not argue for a reduction of the tariff on linoleum in better words than those of the United States Tariff Commission, contained in Tariff Information Surveys on Linoleum and Floor Oilcloth published this year. From page 21, in a paragraph headed "Competitive Conditions," I quote as follows:

Only a negligible part of the domestic consumption of linoleum is supplied by imports and only a small part of domestic production is exported.

Imported linoleum is of the better grades. That is, it consists principally of the heavier gauges in plain or battleship, and of the inlaid types.

Whenever the type, quality, and price of linoleum are the same it sells through the same channels regardless of whether it is the product of one or another of various domestic manufacturers or whether it is an imported article, the product of one or another of various foreign manufacturers. Some retail stores carry particular kinds of both domestic and imported linoleums which are comparable and which, whether foreign or domestic, are products of more than one manufacturer. Selling prices of the comparable domestic and imported linoleums do not differ widely, on an average. Sometimes it is the personal leaning of the purchaser and sometimes the effort of the salesman that determines the kind sold. As elsewhere stated, the ultimate consumer is influenced to buy the domestic linoleum by extensive national and local advertising, relatively little of which is done in the interest of imported linoleum. Furthermore, domestic manufacturers have developed special types of linoleum which have not yet been imported. These special types are more ornamental than the ordinary straight-line inlaid, the only ornamental type so far imported. They also carry a greater artistic appeal, are equal in quality to, and are no more expensive than the ordinary straight-line inlaid.

To quote further from the same article on page 22 under the heading "International Trade," subheading "United Kingdom," third paragraph, it is stated that:

Of the total quantity of linoleum and cork carpet shown as exported from the United Kingdom in 1925, only about 5 per cent (1,103,000 square yards) was destined for the United States. Of the total quantity imported into the United Kingdom in 1925 slightly more than 80 per cent (2,078,138 square yards) originated in the United States.

This clearly shows that Great Britain is a better market for the United States than the United States is for Great Britain, and with imports from that country to the United States decreasing yearly, it would be no more than fair to reduce the ad valorem duty to 30 per cent.

In comparing prices of imported inlaid linoleum with domestic, I wish to again refer to the same authority, the United States Tariff Commission. On page 25, Table 21, the comparison of imported and domestic inlaid linoleum is as follows:

|                  | Lowest imported | Lowest domestic |
|------------------|-----------------|-----------------|
| Parquetry.....   | \$2.40          | \$2.10          |
| Inlaid.....      | 1.79            | 1.60            |
| Marble tile..... | 2.14            | 1.80            |
| Granite.....     | 1.10            | 1.10            |

All of these prices, as you will note, are in favor of the domestic manufacturers with one exception, the small and unimportant one of granites, which in the case of imported and domestic, are the same.

For the following reasons it is submitted that the requested increases in the present rates of duty are not warranted, but would justify a decrease of 5 per cent.

1. The imports of linoleum are decreasing annually, the total yardage in 1928 being 723,785 square yards as against 1,504,000 in 1924.

2. That imports are only a negligible part of the domestic consumption, in other words, total imports are only 1½ per cent of the linoleum production of the United States. And they want to take that away from us now.

3. That the domestic manufacturers were able to export in 1928 1,819,000 square yards of linoleum which was 2½ per cent times the total quantity of linoleum imported.

Senator SACKETT. What was the first statement you made, at the very beginning?

Mr. FIMMEN. At the beginning?

Senator SACKETT. About imports.

Mr. FIMMEN. The imports of inlaid linoleum—

Senator SACKETT (interposing). No; of all kinds. Was it not all kinds? Maybe it was inlaid.

Mr. FIMMEN. I have it in two divisions. The imports of inlaid were 42½ per cent of the total imports of linoleum in 1924, while in 1928 it is reported as 67.7 per cent, and I stated that that was not a correct statement or a true statement, because of the fact that linoleums have decreased so tremendously. In other words—

Senator SACKETT. But it is a correct statement as to the inlaid linoleums, is it not?

Mr. FIMMEN. Basing it on the entire—

Senator SACKETT. No; but based on the inlaid linoleums alone, there has been an increase?

Mr. FIMMEN. No, sir; there has been a decrease. The inlaid linoleums decreased. In 1924 there were 638,000 square yards; in 1928 only 502,000 square yards, so that while the American manufacturer claims that the percentage of linoleum increased from 42½ per cent in 1924 to 67½ in 1928, actually it decreased 136,000 square yards.

Senator SACKETT. What does he base his claim of an increase from 42 to 67 per cent on?

Mr. FIMMEN. The total imports. Now from 1926 on there were practically no plain linoleums imported. My particular company imported none. We could not compete with the prices. The prices were so cut in 1926 it prohibited us from importing altogether.

Senator SACKETT. I get it now.

Mr. FIMMEN. I am submitting a brief which I desire to file with the committee, and for the record, and I have a copy for each one of you, and I hope this brief will further justify me in your opinion in the request I have made in behalf of the committee I represent, for a reduction of 5 per cent in the present tariff on linoleum.

I would be glad to answer any questions.

Senator GREENE. Are there any questions? (After a pause:) Thank you very much.

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

#### BRIEF OF THE LINOLEUM IMPORTERS' COMMITTEE

Hon. REED SMOOT,  
Chairman Committee on Finance,  
United States Senate, Washington, D. C.

This brief is filed on behalf of the Linoleum Importers' Committee in opposition to the increased rate of duty provided in H. R. 2667, paragraph 1020, on inlaid linoleum.

Paragraphs 1020, act of 1922 and 1020 H. R. 2667 are quotes so that they may be readily compared.

#### PARAGRAPH 1020, ACT OF 1922

Linoleum including corticine and cork carpet, 35 per centum ad valorem; floor oilcloth, 20 per centum ad valorem; mats or rugs made of linoleum or floor oilcloth shall be subject to the same rates of duty as herein provided for linoleum or floor oilcloth.

#### PARAGRAPH 1020, H. R. 2667

Inlaid linoleum, 40 per centum ad valorem; all other linoleum including corticine and cork carpet, 35 per centum ad valorem; floor oilcloth, 20 per centum ad valorem; mats or rugs made of linoleum or floor oilcloth shall be subject to the same rates of duty as herein provided for linoleum and oilcloth.

It will be seen that paragraph 1020 of the tariff act of 1922 and the proposed paragraph 1020 of H. R. 2667, are substantially the same in language and rates of duty, except H. R. 2667 provides a separate rate of duty of 40 per cent ad valorem on inlaid linoleum, whereas in paragraph 1020 of the act of 1922 inlaid linoleum is dutiable with corticine and cork carpet at 35 per cent ad valorem.

There is not the slightest justification for this increase in the duty on inlaid linoleum, and in this statement we are supported by the survey recently issued by the United States Tariff Commission on linoleum and floor oilcloth. This survey is entitled "Tariff Information Surveys on Articles in Paragraphs 1020 and 1022 of the Tariff Act of 1922."

On the contrary, the information contained in that survey and the facts we present herein demonstrate that the present rate of 35 per cent is too high and should be reduced.

The increase proposed in H. R. 2667 was granted presumably as a result of the representations made by Mr. C. W. Brown, of Trenton, N. J., who appeared before the Ways and Means Committee of the House of Representatives.

Mr. Brown represented that in 1924 imports of inlaid linoleum were 42.5 per cent of the total imports and that for the 11 months of 1928 the imports of this article increased to 67.7 per cent. This statement would indicate that the imports of inlaid linoleum increased very substantially in 1928. As a matter of fact, they have decreased. The percentages stated are misleading because of the fact that while in 1924 there were substantial imports of plain linoleum, in 1928 the imports of this type of linoleum had decreased to about 25 per cent of the imports thereof in 1924. While the imports of inlaid linoleum in 1928 were more than 20 per cent less than the imports of that type in 1924, the percentage of inlaid to the total imports of all types increased.

The statistics of imports of both inlaid and plain linoleum from 1924 to 1928 are as follows:

[In square yards]

|      | Inlaid linoleum | Other linoleum | Total     |
|------|-----------------|----------------|-----------|
| 1924 | 633,405         | 866,379        | 1,504,784 |
| 1925 | 647,920         | 508,273        | 1,156,193 |
| 1926 | 755,438         | 746,330        | 1,501,768 |
| 1927 | 622,031         | 469,971        | 1,092,002 |
| 1928 | 502,010         | 221,773        | 723,783   |

Thus it will be seen that total imports of linoleum decreased from 1,504,784 square yards in 1924 to 723,783 square yards in 1928; inlaid linoleum from 633,405 square yards in 1924 to 502,010 square yards in 1928; and plain linoleum from 866,379 square yards in 1924 to 221,773 square yards in 1928. Certainly these statistics do not contribute much support to a plea for an increase in the rates of duty imposed in the act of 1922.

The great decrease in the imports of plain linoleum is due to the fact that this type of linoleum can not be imported and sold in competition with domestic linoleum.

We quote from page 5 of the Survey of the Tariff Commission:

"Extensive national and local advertising by domestic manufacturers gives them an advantage in distributing their products over distributors of imported goods. The fact that some types of linoleum produced in the United States are not imported gives another advantage to domestic producers, particularly in view of the fact that these types are specialties."

And from page 21:

"Only a negligible part of the domestic consumption of linoleum is supplied by imports \* \* \*. As stated elsewhere, the ultimate consumer is influenced to buy the domestic linoleum by extensive national and local advertising, relatively little of which is done in the interest of imported linoleum. Furthermore, domestic manufacturers have developed special types of linoleum which have not yet been imported. These special types are more ornamental than the ordinary straight-line inlaid, the only ornamental type so far imported. They also carry a greater artistic appeal, are equal in quality to, and are no more expensive than the ordinary straight-line inlaid."

The domestic production of linoleum both plain and inlaid in 1927 was 49,921,494 square yards valued at \$42,039,062. The imports were 1,061,564 square yards valued at \$1,149,853. (See Table 18, Tariff Survey, p. 21.)

We believe that at least 20,000,000 square yards of the domestic production were inlaid. The imports of inlaid aggregated 502,010 square yards.

There were exported in 1927, 1,092,749 square yards valued at \$716,678.

The ratio of imports to the domestic production is stated in said Table 18, to be 2 per cent.



Reference is also made to Table 21, on page 25 of the Tariff Survey showing a comparison of wholesale selling prices in the United States of imported and domestic linoleums in April, 1928, which is as follows:

| Kind             | Wholesale selling price per square yard |               |
|------------------|---|---------------|
|                  | Imported                                | Domestic      |
| Parquetry.....   | \$2.40-\$2.53                           | \$2.10-\$2.40 |
| Inlaid.....      | 1.79- 1.82                              | 1.60- 1.85    |
| Marble tile..... | 2.14- 2.53                              | 1.80- 2.25    |
| Granite.....     | 1.10- 1.24                              | 1.10- 1.25    |

The competition complained of by Mr. Brown, in his statement to the Ways and Means Committee, is that of linoleum imported into this country from Great Britain. Again we quote from the Tariff Information Survey, page 22:

"Of the total quantity of linoleum and cork carpet shown as exported from the United Kingdom in 1925, only about 5 per cent (1,103,000 square yards) was destined for the United States. Of the total quantity imported into the United Kingdom in 1925, slightly more than 80 per cent (2,078,138 square yards) originated in the United States."

In 1928 the domestic manufacturers exported to Great Britain 457,078 square yards of linoleum and 1,414,595 square yards of felt-base floor covering. The total exports of the domestic product in 1928 amounted to 1,819,836 square yards of linoleum and 5,784,589 square yards of felt-base floor covering.

Taking the total imports of linoleum for the year 1928 of 723,783 square yards in comparison with the exports for that year, it will be seen that the domestic manufacturers were enabled to export 1,096,053 square yards more linoleum than the imports of that article. It will also be seen that of the exports of linoleum, 457,078 square yards were sold to the British market. In other words, the domestic manufacturers were enabled to sell in the British market a quantity of domestic linoleum equal to nearly 70 per cent of the total imports of linoleum into the United States for the year 1928.

Certainly the figures set forth by Mr. Brown as to labor costs in Great Britain are divested of any significance when the statistics show that the domestic manufacturers are able to successfully compete in the British market with British linoleum to the extent of selling in 1928 over 457,000 square yards.

From the foregoing it is submitted that there is no warrant for an increase in the duty on inlaid linoleum, but that on the contrary the rates of duty in the act of 1922 on all types of linoleum should be reduced.

We therefore suggest the following:

"PAR. 1020. Inlaid linoleum, 30 per centum ad valorem; all other linoleum, including corticine and cork carpet, 25 per centum ad valorem; floor oilcloth, 20 per centum ad valorem; mats or rugs made of linoleum or floor oilcloth shall be subject to the same rates of duty as herein provided for linoleum and floor oilcloth."

Respectfully,

ARTHUR T. LEYDEN,  
Chairman The Linoleum Importers' Committee, New York City.

## GRASS AND FIBER RUGS

[Par. 1021]

### STATEMENT OF JOHN HANSEN KENNARD, NEW YORK CITY, REPRESENTING THE GRASS AND FIBER RUG MANUFACTURERS' ASSOCIATION

(The witness was duly sworn by Senator Greene.)

Mr. KENNARD. I represent the Grass and Fiber Rug Manufacturers' Association of New York City.

Mr. CHAIRMAN. I have a brief.

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

Mr. KENNARD. No; I had expected to, but I was ill.

Senator BINGHAM. Did any one appear on behalf of the Grass and Fiber Rug Manufacturers' Association?

Mr. KENNARD. Congressman Lampert presented a written statement from me, as I could not appear in person, and then I filed a brief with the Ways and Means Committee. There was no personal appearance.

Senator BINGHAM. You swear that everything in this brief is the truth, the whole truth, and nothing but the truth?

Mr. KENNARD. Except as to those matters which are opinions; of course, I could not swear to those, but to the facts stated.

Senator BINGHAM. Are those clearly stated as matters of opinion?

Mr. KENNARD. I think so, representing the Grass and Fiber Rug Manufacturers' Association.

Senator BINGHAM. It seems to me that if this committee is going to receive briefs from persons actually appearing before the committee the brief ought to be in the form of an affidavit, unless you choose to read the brief as your statement.

Senator SACKETT. He said that he swore to it, except as to matters of opinion.

Senator BINGHAM. Is it clearly stated what are matters of opinion?

Mr. KENNARD. I think so, sir. It is written as a lawyer writes a brief.

Senator BINGHAM. But a lawyer does not swear to his brief, does he?

Mr. KENNARD. No; he does not need to, if he is an honest man.

Senator BINGHAM. Very well.

Senator SIMMONS. What was the rule established with regard to the verification of briefs?

Senator BINGHAM. So far as I know this is the first case we have had where a large printed brief has been handed in. In other cases they have read their briefs and handed them to the stenographer.

Senator SIMMONS. It seems to me that under the rule you should swear to that brief.

Senator BINGHAM. That is what I was questioning him about. Are you willing to swear to it?

Mr. KENNARD. I will, but I would like to read it to make sure that it is clearly expressed.

Senator BINGHAM. Then I ask that this gentleman be given permission to correct his brief and present it in the form of an affidavit.

Senator GREENE. All right.

Mr. KENNARD. There are some points I would like to present to the committee.

Senator SACKETT. What schedule will you address yourself to?

Mr. KENNARD. Schedule 10, paragraph 1022. This Grass and Fiber Rug Manufacturers' Association represents a hundred per cent of the grass-rug industry, and approximately 90 per cent of the fiber-rug industry. It consists of six concerns, two of them having their mills at Oshkosh, Wis., one at Neena, Wis., one at Indian Orchard, Mass., one at Lawrence, Mass., and one at St. Paul, Minn. The aggregate capital of the six is approximately \$7,700,000.

The request that the association makes with regard to paragraph 1022 is that to that paragraph there be added the words "said 40

per cent to be based upon the American selling price as in this act defined."

Senator SACKETT. You are talking about the old bill, the 1922 tariff?

Mr. KENNARD. Yes, sir.

Senator SACKETT. The number of the paragraph is not 1022 in this bill at all.

Mr. KENNARD. It is 1021.

Senator SACKETT. I wanted to bring you down to what you were talking about.

Mr. KENNARD. That is the old paragraph.

Senator SACKETT. You are talking about the new one now, 1021.

Mr. KENNARD. That is the one. And we also request with regard to section 315, Title III of the old act, that it be so amended as to make the United States valuation as defined in this act of the imported article, and not its cost of production in the country of origin, the standard of comparison and basis of equalization.

Senator SACKETT. We have not anything to do with that. That is before the full committee. It has already been heard. What do you want in reference to this schedule?

Mr. KENNARD. In reference to the old paragraph 1022 we want to be amended by adding "said 40 per cent to be based on the American selling price as is defined."

Senator SACKETT. We have nothing to do with valuation. What rate of duty do you want to put into this?

Mr. KENNARD. We did not ask for any particular rate, because I do not think it is possible to name a rate of duty that will afford protection. Take, for instance, this grass rug from Japan, going back to 1920, when it sold for \$5; in 1924, when it sold for \$3, and to-day when it sells for \$2.43. That makes it practically impossible, from our point of view, to put any specific rate on it that would give protection. The rate of 40 per cent in the Fordney Act was supposed to afford some kind of protection.

Senator BINGHAM. Your whole brief is based on putting in the American selling price, or the United States value?

Mr. KENNARD. Yes.

Senator BINGHAM. This is the wrong place to present that testimony.

Mr. KENNARD. I am sorry.

Senator SACKETT. If you want to change the duties in paragraph 1021, and want to give the reasons why the duty should be raised or lowered, this is the place to do it, but the whole committee handles the valuation question.

Mr. KENNARD. I would raise it, if it were changed to that reading, I would raise the duty 100 per cent on fiber rugs and several hundred per cent on grass rugs.

Senator SACKETT. Do you want to make application for the raising of the duty?

Mr. KENNARD. Yes; if that is the only way to get at it. As a matter of fact, the history of these imported rugs shows that these prices can be continued almost indefinitely, and I thought that while the 9 by 12 rug, which is to-day the standard rug in the summer floor covering business, has been offered and is sold at \$9.90 in New York alongside the ship, there is no assurance that the \$9.90 will not be cut down to whatever they can make it.

Senator SACKETT. What have you been doing? Are you a manufacturer? Do you manufacture them?

Mr. KENNARD. Yes; and have been manufacturing them at a loss for quite some time.

Senator SACKETT. What does it cost you to manufacture them?

Mr. KENNARD. The cost—

Senator SACKETT. Of that particular rug.

Mr. KENNARD. What I would like, with the permission of the committee, is to file a verified statement of the cost of production and the volume of production in connection with this. That is a matter that has been turned over to an attorney, and I think it should be properly verified.

Senator SACKETT. I do not think that there is anything here we can act on.

Senator GREENE. No.

Senator SIMMONS. You do not propose any rate at all?

Mr. KENNARD. I do not, because I do not know what rate would be proper.

Senator SIMMONS. What did the House give you?

Mr. KENNARD. Nothing; they made no change.

Senator SIMMONS. Were you before the House committee?

Mr. KENNARD. No, sir; I was ill at the time.

Senator SIMMONS. Did anybody represent you?

Mr. KENNARD. Congressman Lampert presented a written statement from me, which became a part of the record, and I submitted a brief.

Senator SIMMONS. And upon that hearing they did not increase the 1922 rate?

Mr. KENNARD. No, sir; they gave us no change at all.

Senator SIMMONS. What is the 1922 rate?

Mr. KENNARD. 40 per cent ad valorem.

Senator SIMMONS. Upon what basis of valuation?

Mr. KENNARD. That, sir, was practically suggested, after a survey of floor coverings other than wool, made by the Tariff Commission at our request in 1919. They reported the survey to the Committee on Ways and Means under the title of floor coverings, other than wool, and they suggested a specific duty. They were in conference with the committee, as we understood, and the rate of 40 per cent was agreed upon, and at that time it seemed to have afforded some protection, although at that time we did not believe it would afford full protection.

Senator GEORGE. How many people are in the industry in the United States?

Mr. KENNARD. About 1,500, in round numbers.

Senator GEORGE. And your raw materials are domestic or imported?

Mr. KENNARD. The grass rug is entirely domestic. The fiber rug—some of the fiber is brought from Canada.

Senator GEORGE. And in order to give you adequate protection there would have to be several hundred per cent of duty?

Mr. KENNARD. That is, on the grass rugs; about 100 per cent on the fiber rug.

Senator SIMMONS. But if you could get the American selling price as the basis of valuation, 40 per cent would be all you want?

Mr. KENNARD. Yes, sir.

Senator SIMMONS. Now, under the House bill there is not very much discretion left as to which of the four methods of valuation will be adopted, and would you not have to leave it to the department, acting through its agents, to determine which one of these methods of valuation, provided that the House scheme of valuation is adopted, would be applicable to the conditions which obtain in your industry?

Mr. KENNARD. I realize that it sounds foolish not to be able to recommend a specific value, but when you take the history of the industry you will find that the competing product has been cheapened until it means nothing. The American manufacturer knows his own costs, and can be made to reveal those. It would mean to him a definite duty. An ad valorem duty on this particular product does not mean anything.

I have samples of the rugs here, and you can see that the Japanese rice straw rug, which began at a figure of about \$5, to-day can be bought for \$2.43. I think that an examination will prove that it is practically worthless, and the figures of the history of the industry show that it has not only done us an injury but has destroyed its own market because of being such an inferior product.

Senator SIMMONS. I think under the House bill you are properly protected according to your theory, or you would be properly protected by the rate of 40 per cent, if Congress should ultimately adopt the four alternative methods of valuation.

Mr. KENNARD. I see, Senator; yes.

Senator SIMMONS. With that you have to take your chances, and if you can not make out a case for the American selling price, then you lose.

(Mr. Kennard submitted the following brief:)

#### BRIEF OF GRASS & FIBER RUG MANUFACTURERS' ASSOCIATION

##### I. ITEMS AND PARAGRAPHS IN WHICH INTERESTED

Schedule 10, flax, hemp, and jute, and manufactures of:

"PAR. 1022. Common China, Japan, and India straw matting, and floor coverings made therefrom, 3 cents per square yard; carpets, carpeting, mats, matting and rugs, made wholly of cotton, flax, hemp, or jute, or a mixture thereof, 35 per centum ad valorem; all other floor coverings not specially provided for, 40 per centum ad valorem."

Also in Title III, special provisions:

"SEC. 315 (a), (b), (c)," (governing the raising of the rate of duty by the President by proclamation).

##### II. CHANGES IN DUTY AND PHRASEOLOGY RECOMMENDED

First: That paragraph 1022 be amended by adding thereto the following words: "said 40 per centum to be based upon the American selling price as in this act defined," so that said paragraph will read:

"PAR. 1022. Common China, Japan, and India straw matting, and floor coverings made therefrom, 3 cents per square yard; carpets, carpeting, mats, matting and rugs, made wholly of cotton, flax, hemp, or jute, or a mixture thereof, 35 per centum ad valorem; all other floor coverings not specially provided for, 40 per centum ad valorem, said 40 per centum to be based upon the American selling price as in this act defined."

Second. That section 315 of Title III be so amended (a) as to make the United States value (as defined in this act) of the imported article, and not its cost of production in the country of origin, the standard of comparison and basis of equalization; and (b) so as to provide that the United States Tariff Commission shall investigate and report to the President the United States value of the imported article and not its cost of production in the country of origin; and (c) so as to give

the President authority to raise the duty by proclamation so that the United States value of the imported article plus the duty shall equal the cost of production of the like or similar competitive domestic article plus a reasonable profit to the manufacturer of the domestic article.

### III. REASONS FOR CHANGES RECOMMENDED IN DUTY AND PHRASEOLOGY

The present rate of duty does not protect the domestic grass and fiber rug industry, and without such protection that industry will be wiped out.

The history of the industry proves this.

The domestic grass rug originated a product theretofore unknown. It utilized wire grass never before of any use and created a market for American labor and American material. Like every pioneer it had to spend large sums to educate the public and create a market. It had to feel its way and learn by experience.

When a domestic rug became an assured success, a standard article with a steady market, foreign competition at once made itself powerfully felt. The foreigner availed himself of all the experimentation done by the domestic manufacturer and of all the advertising done by the United States producer, and of the fact that there was practically no duty imposed on the foreign competing product, and entered the market of the United States.

The first imported article brought in to compete with the domestic grass and fiber floor coverings was the rice-straw rug, imported principally from Japan. This rice-straw rug was brought into the United States in tremendous quantities, as appears later in this brief, and worked destruction to the grass rug and caused great injury also to the domestic fiber rug; and now a Japanese fiber rug, a new floor covering from Japan, appears as a menace of the gravest kind to the domestic fiber rug. If the domestic fiber rug be not protected now, it will disappear just as the domestic grass rug is doing.

The Japanese rice-straw rug was brought out as an imitation of and a competitor of the domestic grass rug, copying the domestic rug in every detail possible and with such success that unscrupulous dealers were able, by mixing the domestic grass rug and the imported rice straw rug on their show racks, to foist the imported article off on the public as practically the same article as the domestic one. There being no duty to adequately protect the domestic article, the dealer was able, on account of the great difference in cost to him and the superficial similarity of the two rugs, to sell the public at a very attractive price the imported instead of the domestic rug, in spite of the fact that the imported rug was of wretched quality and really a fraud on the public. The dealer's inducement to sell the Jap rice-straw rug was very great, because the profit was greater than on the sale of the domestic grass rug. So the public was defrauded and the market for domestic grass rugs ruined because the purchaser of the rice-straw rug received an article which gave practically no service, due to the fact that the material of which it was constructed was not a continuous fiber, and very brittle, and broke readily into small pieces under pressure of the foot and soon became worthless and dirty.

A careful inquiry conducted by our members a few years ago as to the increasing difficulty of disposing of grass rugs led to the conclusion that the miserable quality of Japanese rugs was the largest factor; that when a store salesman offered a grass rug to a customer he could never make a sale if that customer had ever bought a Japanese rice-straw rug.

It is important to bear in mind that although the Japanese product is not a grass rug, it has been called a grass rug all along by both the Japanese and by many retailers in this country. This association attempted to obtain relief from this practice which it considered an unquestionable violation of the law in that the public was deceived by the representation that the rugs were grass rugs. The evidence was carefully assembled showing the facts and filed with a petition to the Federal Trade Commission with a request that an order be issued forbidding the use of the word grass as descriptive of the Japanese rice-straw rug. Unfortunately for our members, after investigation of the matter, the Federal Trade Commission declined to issue the order on the ground that strictly speaking a straw rug was a grass rug. We were thus cut off from relief in that direction.

It was a sorry day for both the public and the domestic manufacturer when a really protective duty was not, from the beginning, put on this Japanese rice straw rug.

Up to 1922, there was practically no duty on the rice straw rug. In 1922 a duty of 40 per cent ad valorem was put on the Jap rice-straw rug. Events to

date have shown that this gave the domestic grass rug no protection whatever. A 9 by 12 foot imported rice straw rug, produced from a waste product by oriental labor, was sold to the United States importer for \$5 in 1920, for \$3 in 1924, and at present can be bought for less than \$2.50. The duty of 40 per cent imposed in 1922 had, by the cheapening of the imported product, been completely absorbed by 1924, and on the present cost of this rug in Japan, \$1.50, the duty of 40 per cent is absolutely negligible.

Even in 1922 the duty did not equalize the foreign and domestic products. If it failed to do so when the foreign article's first cost was around \$3.55, how much more does it fail to do so when that foreign article's cost is \$2.50, as it is to-day.

The inadequacy of the 40 per cent duty to protect the domestic grass rug was so clearly foreseen by the Willow Rug Co., which from its affiliations with W. & J. Sloane, of New York City (among the largest of our importers) had intimate knowledge of the competition of imports, that on promulgation of the tariff act of 1922 the Willow Co. closed its mill and went out of business. Its decision was that since the rate of 40 per cent ad valorem did not protect the domestic grass rug, the struggle would be a losing one from the beginning, resulting inevitably in the extinction of the domestic product. That conclusion has been borne out by developments.

In 1922 there were five concerns manufacturing grass rugs in the United States; today there are only three. The Willow Rug Co. and the De Luxe Rug Co. have gone out of business, and the three others—Crex Co., Deltex Co., and Waite Co.—are producing to-day less than one-third of the grass floor coverings they produced in 1922, and, instead of confining themselves to grass floor coverings exclusively, as they did then, producing fiber rugs and some other small side lines to keep them going.

Whether the imposition now of an adequate duty on imported rice-straw rugs will revivify the domestic grass rug is problematic, but as the grass and fiber rug industry to-day depends upon the fiber rug for its existence, the domestic fiber rug must be adequately protected or the whole industry will go by the board. I have dwelt on the history of the rice-straw rug and its competition with the domestic grass rug because there is unmistakable evidence that history is about to repeat itself through the Japanese fiber rug.

Up to this time no great volume of Japanese fiber rugs has been brought into this country, but the Japanese have kept the situation under careful observation, and the fact that all our domestic grass rugs manufacturers turned to the manufacture of rugfiber was not lost on them. As a result of that watchfulness, the Japanese fiber rug has made its appearance in our markets. A little over a year ago the Japanese brought over a shipment of Japanese fiber rugs in small sizes and commenced negotiating with jobbers in this city to handle the product. A few months ago, they evidently decided to seriously inaugurate their campaign for the American Carpet and Upholstery Journal of Philadelphia-New York, in its October, 1928, issue, published the following advertisement of Kakunaka & Co. (long known to our members through its association with the rice straw rug):

"Kakunaka & Co., 230 Fifth Avenue (corner Twenty-seventh Street), New York, introduces the Rockford fiber rug (patented), the final results of three years' experiments, oval or oblong. The first perfect all-fiber rug ever imported from Japan. Compares favorably with the best made.

"Weight: Over 40 pounds per 9 by 12 in the oblong.

"Sanitary: May be cleaned with damp cloth.

"Dust proof—lies flat on floor.

"Smooth and even weave.

"New attractive patterns.

"Beautiful shades and mixtures.

"Durable, sightly, and low in price.

"Available for spring delivery in all sizes. Write for samples and prices.

"The following sizes are available for immediate delivery from New York: 24 by 40 oval, 24 by 48 oval, 27 by 48 oval, 30 by 60 oval, 24 by 48 oblong."

In the next month's issue of the same publication appeared the following write-up of the Jap fiber rug:

#### "A NEW ALL-FIBER RUG—THE ROCKFORD

"Realizing that there was a demand in this country for a well-made all fiber rug at popular prices, Kakunaka & Co., Kobe, Japan, progressive Japanese manufacturers, set about the task of producing such a rug. It was exactly three years ago that experiments were first started and one after another the seemingly insurmountable obstacles were overcome.

"It was necessary to secure a paper of a texture similar to what is known as kraft paper. Only this type of paper had the necessary strength, pliability, and quality for a durable rug. Such paper was not obtainable in Japan. Paper offered from other countries proved prohibitive in its import cost to Japan. Finally a grade of paper was obtained from Sweden that was satisfactory.

"Existing machinery in Japan proved inadequate to the manufacturer of this type of rug, and it was necessary to install, at what in Japan is considered a small fortune, machinery to cut the paper into necessary strips, for sizing, for twisting, and for weaving.

"Finally, after three years of painstaking effort, a fiber rug was turned out that compares favorably with the best grades manufactured. It had the necessary weight to have it lie flat on the floor. It was tight and closely woven to make it durable, dust proof, and sanitary.

"However, to attract the American consumer, two other vital points had to be considered, patterns and prices. Japanese artists, familiar with the American trend of taste, were ordered to prepare the sketches, and they combined the quiet restraint in the use of colors with effective originality in designs to gratify the tastes of the American consumer. Pleasing mixtures of colored fiber form the body of the rug upon which is painted with actual oil paint the effective designs.

"To meet the second point, reasonable price, it was necessary to inaugurate a method of manufacture of such efficiency that waste in material and time was eliminated as far as humanly possible.

"As a result the Rockford fiber rug is now available for spring delivery in all sizes either in the oval or oblong shapes through Kakunaka & Co., 230 Fifth Avenue, New York, who also invite correspondence from responsible jobbers interested in the exclusive handling of this product in their respective territories."

About the time of this publicity a prominent American jobber was approached with a view to having him take on this Kakunaka line, and the price of \$9.90, landed in New York—duty, transportation, and insurance paid—was made for a 9 by 12 foot rug, other sizes in proportion. The price of \$9.90 gives the Japanese manufacturer a substantial advantage over the domestic fiber rug, which costs more than that to produce in this country. The danger in the competition, however, can not be measured by the present difference in price nor can it be estimated from the fact that the rugs have not yet come in in large quantities.

The Japanese fiber rug can readily be cheapened in construction so as to sell for very much less than \$9.90, and the cheapening process will not to any considerable extent affect the appearance of the rug, only its wearing quality, and the members of this association will again find themselves face to face with a competitor of the same appearance at a very much smaller price and of a very inferior quality, with the same result as heretofore, that they will lose their customers and the market for the commodity will be destroyed; for every purchaser of one of the cheap Japanese inferior products is a purchaser lost for any fiber rug in the future.

As to quantity importation, no doubt need be entertained that the Japanese will bring in all the rugs the market will absorb.

It is hopeless to try to produce our domestic fiber rug as cheaply as the Japanese can produce theirs. The only hope for the United States manufacturer lies in a duty which really protects the domestic industry.

With the ability of the Japanese to cheapen their product, the only basis on which a duty can be safely figured is the American selling price. The exact cost of anything produced in Japan can be determined with mathematical accuracy in very few cases. The secretiveness of the race, coupled with the not unnatural feeling that a foreign government has no right to conduct an inquisition into a native industry, presents an almost insurmountable barrier to getting all the facts; and when to this is added the paucity of records of a hut industry (like the Jap rice-straw rug) and the different methods of keeping books, even when an article is manufactured under modern conditions, it will be at once seen that the American selling price is absolutely the only safe and reliable foundation on which to base duty.

#### IV. IMPORTANCE OF INDUSTRY

The aggregate capitalization of the members of this association and of the only manufacturer of grass and fiber floor coverings not now a member of this association is in round numbers \$10,000,000.

The number of employees of the industry is about 1,500 on full time.

As the output of our members is distributed to practically every State in the Union, the item of freight from mill to customer is an important one.



The manufacturers have consistently since the beginning been large and steady advertisers and of sustaining value to advertising media. They are also valuable patrons of printing establishments for display cards, catalogues, descriptive matter, price lists and ordinary printing.

The members of the association have no interlocking directorates and are on a strictly competitive basis; in fact, the competition is so keen that they do not interchange statistics, as members in so many trade associations do.

The domestic grass rug is made from wire grass that grows in swamps or marsh lands. The industry, by its use of the wire grass, created new values and opened new fields for labor.

Before the domestic grass rug was manufactured, wire grass not only was of no use itself, but it rendered absolutely valueless the land on which it grew. Cattle could not eat it, and it could be cleared from the land only at prohibitive cost and by methods which left the land, when cleared, absolutely barren. The domestic grass rug industry, therefore, gave value to a large area of land otherwise of no value. The industry also created a market for American labor theretofore nonexistent, not only through the labor directly employed in manufacturing the product, but through the harvesting of the grass. As the grass is harvested at a time between the farmer's seeding and harvesting—that is, the slack season on the farm—the labor of the farmer engaged in harvesting the wire grass is in an absolutely new direction and a net gain.

The domestic grass rug is an article of intrinsic merit. It is clean, strong, durable and sanitary. Scientific tests have shown that, owing to the hard and enamel-like covering of the wire grass, domestic grass rugs harbor comparatively few germ colonies. The foreign article is made of a soft, spongy material which is ideal for the growth of germ colonies. The imported rug—coming almost entirely from Japan—is made of a waste product, rice straw, which, crushed by the threshing of the grain and the process of manufacture, is fragile, stands hardly any wear, and readily accumulates dust and germs.

The domestic rug is produced under rigidly enforced conditions as to sanitary factory construction and operation, and as to hours of labor and limitations as to the employment of women and children, and a scale of wage is paid high enough to permit operatives to maintain United States standards of living.

These domestic rugs are made up in a great variety of weaves, sizes, designs, and colors. The domestic manufacturers have been untiring in their efforts to improve their product and adapt it to its purpose.

A most noteworthy and unusual fact in connection with grass rugs is that the term "imported" in respect to such rugs means, and is recognized to mean, an inferior grade of rug—the domestic rug being distinctly the superior product. Ordinarily when a dealer offers or advertises any article as imported, he does it for the purpose of indicating merit superior to the domestic article, but this condition is absolutely reversed so far as grass rugs are concerned, and one of the consequences is that dealers try to sell the imported rugs as domestic rugs. This indicates quite a triumph for the domestic manufacturer and shows he has completely reversed the usual conditions.

All of the material (as well as the wire grass) which goes into the domestic grass rug is produced in the United States, so the rug is 100 per cent United States.

Fiber rugs are made of paper. A paper ribbon is twisted into a continuous thread and that thread is then woven on power looms into rugs and floor coverings. The mills in which these domestic fiber rugs and floor coverings are made are clean, sanitary, and perfect in all up-to-date devices. Labor in them is skilled and highly paid.

Fiber rugs are made in three varieties: All fiber, wool and fiber, and fiber and grass. They are made in a very large variety of colors, designs, and sizes, and are of great utility, highly artistic, and durable. They are all sanitary and some of them waterproof. They are seamless and reversible.

As in the case of the domestic grass rug, the domestic fiber rug manufacturers have been untiring in their efforts to improve their product and adapt it to its purpose. Its artistic success and its success from a utilitarian standpoint has been so great that the Japanese think they have discovered a ready-made market from which they can drive the domestic manufacturer by their cheap labor and unfair methods of competition.

The burden of the domestic manufacturer of fiber rugs is indeed heavy and his position one of great responsibility. He must maintain his own industry and share his market—built up laboriously by years of patient effort, the expenditure of millions of dollars, and the employment of a high grade of intelligence—with his brothers, who up to a few years ago made only grass rugs, but now, driven

from that market by lack of an adequate protective duty, have entered the fiber field. The entry of the grass companies into the fiber field did not enlarge the market for fiber rugs but only made smaller the share of each manufacturer of said rugs. Naturally this suggested enlarging the market but in considering a combined campaign to enlarge the fiber floor covering market, the fiber floor covering manufacturers have always had before them the fate of the grass floor covering manufacturers, and the knowledge that if they enlarge the market before obtaining adequate protection through the tariff, they would be stimulating the rivalry of their Japanese competitors who would reap the greatest benefits from the enlarged market.

The domestic industry is of great importance in protecting the public. Should it, because of lack of protective duty, be forced to discontinue the manufacture of grass and fiber floor coverings, the importer will then enjoy the entire trade of the United States, meaning a loss of hundreds of thousands of dollars to domestic producers in equipment, and a loss of employment to those engaged in this line of work, and a loss of customers to those in the United States who furnish the materials used by the domestic industry. More than that, the importers will then be in a position to increase their selling price to any level they may see fit and the customer in this country will be wholly at their mercy because the business is not big enough to attract any one to resume production well knowing that, if a new start was made, and production resumed, the importers would always be in a position to so reduce prices as to drive the domestic producer from the field. To prevent this the tariff rate must be genuinely protective.

V. HISTORY OF INDUSTRY AND FUTURE PROSPECTS

The pioneer in the grass rug industry was the present Crex Carpet Co., organized in 1900. It was followed in its field by the Deltox Rug Co., organized in 1902; the Waite Carpet Co., organized in 1905; the Willow Rug Co., organized in 1911; and later the DeLuxe Rug Co.

The pioneer in the fiber rug industry was the Hodges Carpet Co., organized in 1894; followed by the Plymouth-Mills Co., organized in 1905; the Bradley Rug Co., organized in 1907; the Bozart Rug Co., organized in 1914; and later by the Kimlark Rug Co.

For some years after the inauguration of the grass and fiber floor covering industry—thanks to its intrinsic merit, extensive and intensive advertising running into millions, and the fact that there was a legitimate place for the new product—great progress was made. The grass rug and the fiber rug were accepted as well worth while accessories for any home. The United States market consumed the output of the domestic industry and a tremendous volume of imported imitations, until, as heretofore explained, the Japanese rice-straw rug by its utter worthlessness practically destroyed the grass rug market, gravely injured the fiber rug market, and in spite of its cheapness has been steadily curtailing its own market.

Significant testimony is given as to the vanishing market for grass rugs and rice-straw rugs in the brief submitted to the Committee on Ways and Means the 5th of February, 1929, by Mr. Joseph F. Eastmond representing the National Council of American Importers and Traders. Mr. Eastmond requests that the 40 per cent ad valorem duty in paragraph 1022 be reduced to "5 cents per square yard," saying, "Importations under this item would probably be negligible in quantity" (although in 1928 the importations were over 3½ million square yards). His theory seems to be that the grass and rice-straw rug industry is done for, therefore, it does not matter what duty is placed on such merchandise. If Mr. Eastmond's request were granted and the duty lowered, it would make everything fine for the Jap fiber rug which carries the same duty as the rice-straw rug and would be able to come in in quantities and at prices which would drive the domestic fiber rug out of the market.

From 1914 to 1921 imported straw matting and floor coverings made therefrom, together with rice-straw rugs and common China, Japan, and India straw matting, were included under one heading and the importations were:

|   |               |
|---|---------------|
| In 1914, 26,014,021 square yards—valued at..... | \$2, 026, 226 |
| In 1921, 9,381,914 square yards, valued at..... | 1, 919, 329   |

In 1922 the above importations were divided into two classes: Class A, common China, Japan, and India, straw matting, and class B, all other floor coverings not specially provided for (rice-straw rugs, etc.).

The importations under the new classification were:

In 1923:

|   |                    |
|---|--------------------|
| Class A, 8,733,130 square yards, valued at..... | \$1, 352, 292      |
| Class B, 3,784,900 square yards, valued at..... | 771, 539           |
| Total, 12,518,030 square yards, valued at.....  | <u>2, 123, 831</u> |

In 1928:

|   |                 |
|---|-----------------|
| Class A, 1,507,273 square yards, valued at..... | 176, 021        |
| Class B, 3,674,708 square yards, valued at..... | 806, 843        |
| Total, 5,181,981 square yards, valued at.....   | <u>982, 764</u> |

The shrinkage in importations of this type of floor covering has been very marked:

|                                    | Square yards |
|------------------------------------|--------------|
| In 1914 the importations were..... | 26, 014, 021 |
| In 1923 the importations were..... | 12, 518, 030 |
| In 1928 the importations were..... | 5, 181, 981  |

The shrinkage in the value of the importations was as follows:

|  |               |
|--|---------------|
| In 1914 the importations were valued at..... | \$2, 026, 226 |
| In 1923 the importations were valued at..... | 2, 123, 831   |
| In 1928 the importations were valued at..... | 982, 764      |

The value of the importations did not decrease between 1914 and 1923 because after 1914 less plain matting and more rice-straw rugs were brought in.

From 1919 to 1928 the production of the domestic grass rugs has steadily decreased, so that to-day it is about one-third what it was 10 years ago.

During the same period the domestic fiber rug—not having an imported imitation to contend with in direct competition—continued its output without great variation in volume, though the indirect competition of the imported rice-straw rug and its unfavorable effect on the market caused a small but steadily decreasing output.

|                            | Square yards |
|----------------------------|--------------|
| Domestic grass rug:        |              |
| 1920 output.....           | 3, 231, 184  |
| 1928 output.....           | 1, 143, 335  |
| Domestic fiber rug:        |              |
| 1925 output (3 mills)..... | 2, 601, 890  |
| 1928 output (6 mills)..... | 2, 379, 870  |

We do not submit more figures here because we think the foregoing sustain our contention and because the statistics of the business are entirely at the disposal of this committee or of the United States Tariff Commission should this committee wish a survey of the industry made.

The grass and fiber industry has not developed into anything like the proportions it would have done had it had actual protection, for that it has never had, and the domestic manufacturer has known all along that a systematic development of the market meant harder and more unfair competition from the foreign manufacturer. So the domestic manufacturer has struggled along, hoping that Congress would equalize the competition before it was too late. With the entrance of the Jap fiber rug into the field, the issue is now definitely joined all along the line. It is a question of protection for, or extinction of, the domestic industry. The future depends entirely upon the action of Congress. If adequately protected the industry will live and grow, if unprotected it will pass out.

If protection be afforded we believe it is entirely possible, through judicious advertising campaigns and progressive sales methods, to greatly extend and enlarge the market for the product of our members, as their product is one that has a place in the domestic economies of the Nation. It is a unique product and supplies a want that nothing else does. To-day, as never before, there is a tendency toward the beautifying of the home as people are more in their homes than ever before. The automobile has made it possible for people to travel without closing their homes.

The furniture people of the country, a tremendous industry, are considering a nation-wide intensive campaign for promoting the idea of home decoration and beautification. Into such a campaign we will very naturally fit. For many years in the South woolen carpets, which in those days were tacked to the floor, were taken up early in the spring and replaced by Japanese or Chinese

strip matting and the matting was left down until the early fall when it was replaced by the carpet. In these days when the rug has practically replaced the strip carpet of the former generation, the problem of turning a home from winter equipment to summer equipment has become very simple—and it has always been very desirable.

VI. NUMBER OF EMPLOYEES AFFECTED

The number of employees of our members is about 1,500 on full time. In addition, there are those who work part time in the grass fields. Our industry also contributes to the employment of all those engaged in the production of the material from which our product is made and of all of those who are employed by the agencies through which our product is advertised and transported. Practically all of these are skilled operatives and highly paid; all receive wages, which enable them to live according to the high standard of living in this country.

VII. DOMESTIC AND FOREIGN PRODUCTION COSTS AND WAGES

It is practically impossible to find the foreign production cost of the Japanese rice-straw rug and it would be equally impossible to find the production cost of the Jap fiber rug, but we know the prices at which those two products can be bought by jobbers in the United States from Japanese exporters and that is the real competition the United States manufacturer must meet.

The Japanese rice-straw rugs cost the importer, delivered in New York, duty, transportation, and insurance paid, less than one-half of what it costs the United States manufacturer to produce his grass rug. In this instance the Japanese not only gave the advantage of cheap labor but of cheap material, the rice-straw being a waste product. The difference in labor costs is in itself a tremendous advantage to the Japanese. When you add to that practically free basic material, the United States manufacturer is completely at the mercy of the Japanese, so far as cost of production is concerned.

As to the fiber rug, the Japanese at this introduction stage are making their product of the same material that the United States manufacturer uses, but cheap labor gives the Japanese a very substantial advantage. The Japanese exporter sells his 9 by 12 foot rug to the American jobber at \$9.90, and this pays his cost of production, profit of manufacture, duty, transportation, insurance, and the commission of the exporter. The United States manufacturer can not compete with this Jap fiber rug unless the duty of 40 per cent ad valorem be based upon the American selling price.

The question of wages paid in the United States to operatives in our domestic industry and the wages paid in Japan to operatives in the corresponding industry there is of vital importance. About one-third of the cost of making and marketing the domestic product is paid for labor. The United States manufacturer may exercise his highest skill in reducing the costs of material and overhead but labor costs are practically beyond his control. Labor has to be paid its standard wage and labor costs often go up but seldom go down.

In 1915 the Hon. Richard W. Austin, Member of Congress from Tennessee, on his return from the Orient issued a pamphlet entitled, "An American Congressman in the Orient." In it are found the following:

"Labor is cheaper in Japan than any other country in the world except China.

"In the spinning mills males receive 26 cents and females 15 cents per day for 10 and 11 hours' work."

From the official report of the Japanese Government for 1914 we find these to be the wages in that country:

"Male weavers, 21 cents per day; female weavers, 20 cents per day; males (cotton mills), 20 cents per day; females (cotton mills), 8 to 15 cents per day."

From the pamphlet issued by the United States Government Printing Office, 1927, entitled "Comparative Wage Rates in the United States and Foreign Countries," we extract as follows:

|   |         |
|---|---------|
| Japan—Spinners, females (cotton) 1925, per day.....                   | \$0. 46 |
| United States—Spinners, females (cotton) 1926, per day (8 hours)..... | 2. 24   |
| Japan—Weavers, females (cotton) 1925, per day.....                    | . 48    |
| United States:  |         |
| Weavers, males (cotton) 1926, per day (8 hours).....                  | 3. 20   |
| Weavers, females (cotton) 1926, per day (8 hours).....                | 3. 04   |

In \$18 worth of merchandise, the United States manufacturer pays \$6 for labor; the Japanese manufacturer pays \$1—the margin in favor of the foreigner is \$5. Competition under such circumstances is hopeless for the domestic manufacturer unless there be a duty to equalize matters.

## VIII. UNFAIR COMPETITION FROM FOREIGNERS

When the Japanese rice-straw rugs entered the markets of the United States in competition with the domestic grass rug, the foreign product determined to take full advantage of the prestige of the domestic rug. The foreign rug was as perfect an imitation of the domestic rug as the cleverest imitators and copyists in the world could make it. Had the Japanese used the same material, wire grass, as the United States manufacturer did, even experts would have found it extremely difficult to distinguish one from the other. Even when using rice straw instead of wire grass, the Japanese are able to fool the public because the Jap rug was constructed in the same way as the domestic rug, was made in the same sizes, stenciled with the same designs, labeled "Grass Rugs," and in many instances tagged with the name of a United States manufacturer like "Crex" or "Deltax" or "Waite." The quality of the domestic rug was never imitated, and the domestic rug had to suffer from the miserable quality of the foreign imitation of it. At one time the Japanese exporters became so bold that they had the hardihood to actually quote prices to American dealers and importers on rugs which they designated as "Crex Rugs," although Crex rugs are made only in this country and the word is copyrighted both in the United States and in Japan.

In addition to the fraudulent use of his copyrighted name the domestic manufacturer was subjected to unfair competition also in that the Jap rice straw was persistently labeled and advertised and sold as a grass rug. As heretofore stated this association tried to get the Federal Trade Commission to rule that the word grass must not be used to designate rice-straw rugs, but the commission held that a straw rug was a grass rug. The ruling, however, did not make the practice any less a deception of the public and unfair competition.

## IX. GENERAL CONDITIONS

The different companies in this country engaged in the industry of manufacturing rugs from grass and fiber are in no way connected. They are strictly competitive with each other, not a single stockholder in one company being a stockholder in any of the other companies, so far as known.

The United States companies accept cheerfully competition among themselves and each asks only a fair field and no more. The competition of these companies with each other, subject to the same conditions of labor, is an entirely different thing, however, from competition with Japanese manufacturers using Japanese labor. Other things being equal, the production of United States labor can never compete in price with the product of labor of the Orient.

Out laborer rightfully demands the wage capable of maintaining the standard of living in this country. Such a wage can not be paid in any industry meeting in price a foreign industry which draws its labor from a class accustomed to and satisfied with a low level of living requirements of the Orient.

A unique feature of the grass-rug industry is that it is one of the few textile industries with which the manufacturer of the finished article is also the producer of the raw material; in fact, it is the only textile article manufactured in which it is absolutely necessary for the manufacturer to produce the raw material themselves. This results from the fact that wire grass, from which the grass carpets are made, is not a commercial article, nor is it harvested and put on sale by any one as flax, jute, hemp, ramie, cotton, and all of the other various textile fabrics are.

Wire grass, unless used in grass rugs, is not harvested, as there is no other use for it. In consequence of this condition, the manufacturer of grass rugs is affected by advance in prices in every department of production, that is, the wages of labor which harvests the wire grass are a part of the expense just as much as the labor of the weaver or the factory employee. The grass-rug manufacturer has no market in which competing producers offer him raw material. Therefore, the entire enterprise is of one piece and all of the different parts stand or fall together. If the manufacture of grass rugs is not continued, the industry of harvesting wire grass and the value of the lands from which the grass grows disappears. The mills of the members of this association, built for the manufacture of grass and fiber floor coverings, are adapted for the manufacture of only grass floor coverings and fiber floor coverings. If they can not continue in the manufacture of both, they will not prosper and if they do not continue in the manufacture of at least fiber floor coverings they will be entirely valueless. We ask a protective duty for the sake of preserving the industry.

Respectfully submitted.

GRASS & FIBER RUG MANUFACTURERS ASSOCIATION,  
By JOHN HANSON KENNARD, Counsel.

Members: Crex Carpet Co., St. Paul, Minn.; Deltax Rug Co., Oshkosh, Wis.; Hodges Carpet Co., Indian Orchard, Mass.; Kimlark Rug Corporation, Neenah, Wis.; Patchogue-Plymouth Mills Corporation, Lawrence, Mass.; Waite Carpet Co., Oshkosh, Wis.

## AFFIDAVIT

STATE OF NEW YORK,

*County of New York, ss:*

John Hanson Kennard, being first duly sworn, deposes and says: That all of the facts stated in this brief submitted by him to the Committee on Finance of the United States Senate on the 21st of June, 1929, on behalf of the Grass and Fiber Rug Manufacturers Association are true, according to the best of his knowledge and belief; that the expressions of opinion contained in this brief are conclusions arrived at after careful and conscientious consideration of the facts known to him; and that undersigned, having for nine years past been associated with the Grass and Fiber Rug Manufacturers Association, first as its associate counsel and afterwards as its counsel, considers himself qualified to make a statement as to the facts connected with said grass and fiber industry.

JOHN HANSON KENNARD.

Sworn to before me this 24th day of June, 1929.

[SEAL.]

JOHN J. HALEY,  
*Notary Public, New York County.*

Commission expires March 30, 1931.

## COCOA MATS AND MATTING

[Par. 1022]

## STATEMENT OF RICHARD C. STOUT, REPRESENTING THE HEYWOOD-WAKEFIELD CO., WAKEFIELD, MASS.

(The witness was duly sworn by Senator Greene.)

Mr. STOUT. I am representing the Heywood-Wakefield Co., of Wakefield, Mass., manufacturers of cocoa mats and matting.

Senator SACKETT. What schedule do you address yourself to?

Mr. STOUT. Schedule 10.

Senator SACKETT. What paragraph?

Mr. STOUT. It is in paragraph 1022.

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

Mr. STOUT. Yes, sir.

Senator SACKETT. Have you anything additional that you want to say?

Mr. STOUT. Just a few words, for not more than 5 or 10 minutes. The Heywood-Wakefield Co. has been manufacturing cocoa mats and matting for the past 70 years.

We have been confronted for the past 10 years with a steady increase of cocoa mats and matting which are manufactured in India. This means, so far as the American manufacturer is concerned, that we are the only concern left to-day in the manufacture of the whole line of cocoa mats. Some of the other concerns only manufacture the higher lines, that is, the highest-priced mats.

To show you how this affects us, we formerly had 14 looms operating; to-day we have 3.

In the summary of tariff information, 1929, under cocoa mats and matting, the cocoa mats show a steady increase, with the exception of one or two years, from 1919 to 1928.

Senator SACKETT. You mean that the production here shows a steady increase?

Mr. STOUT. A steady increase of importations from India, and this applies also to cocoa matting.

Senator SACKETT. This is the basket clause, is it not? Does it come under paragraph 1023, the basket clause?

Mr. STOUT. No; this is paragraph 1023, cocoa fiber mats and matting.

Senator SACKETT. 1023 says:

All manufactures, wholly or in chief value of vegetable fiber, except cotton, not specially provided for, 40 per centum ad valorem.

Mr. STOUT. No, sir; that is not the one.

Senator SACKETT. That is paragraph 1023.

Mr. STOUT. It says here in the act of 1922 that it is paragraph 1023.

Senator SACKETT. We are talking about the present, or pending bill.

Mr. STOUT. That would be paragraph 1022 in the House bill.

Senator SACKETT. The duty provided in paragraph 1022 is 10 cents per square yard.

Mr. STOUT. It is 8 cents a square foot on mats.

Senator SACKETT. What do you want it to be?

Mr. STOUT. We would like to have the mats increased to 14 cents per square foot.

Senator SACKETT. That is 150 per cent increase.

Mr. STOUT. Yes, sir.

Senator SACKETT. And you want the duty on the matting increased from 10 to 12 cents?

Mr. STOUT. Yes, sir.

Senator SACKETT. How long has your company been in this business?

Mr. STOUT. Seventy years.

Senator SACKETT. Are you making money?

Mr. STOUT. No, sir; not on mats.

Senator SACKETT. What are you doing?

Mr. STOUT. This one business, if we do not get protection, is going to be done away with. We can not continue.

Senator SACKETT. How many people are employed in it?

Mr. STOUT. We have about 34 left to-day.

Senator SACKETT. Thirty-four people?

Mr. STOUT. Yes, sir.

Senator SACKETT. You are asking for an increase of 150 per cent for 34 people?

Mr. STOUT. If we could get 150 per cent that would increase employment, I would say, to 90.

Senator SACKETT. To 90 people?

Mr. STOUT. We have only three looms operating to-day as against 14 looms formerly.

Senator SACKETT. That is the whole story, is it not?

Mr. STOUT. Yes, sir.

Senator SACKETT. All right.

Senator SIMMONS. Are you the only ones making these products?

Mr. STOUT. We are the only ones left to-day in the business. Joseph Wiley started a plant at Norfolk, but they had to close about three years ago because they could not compete with the imported mats from India.

Senator SIMMONS. How many mats come in?

Mr. STOUT. In recent years, in 1927, there were 3,790,057 square feet, and in 1928 there were 4,628,702 square feet.

Senator SIMMONS. You say square feet?

Mr. STOUT. Yes, sir.

Senator SIMMONS. How many square feet do you make?

Senator SACKETT. There are 36 square feet—

Senator SIMMONS. How many do you make?

Mr. STOUT. In 1927 we made 109,398 mats; in 1928 we made 102,508 mats, and in 1925 we made 268,763 mats.

Senator SIMMONS. That is all that were made in this country?

Mr. STOUT. No, sir; that is one producer. That is the Heywood-Wakefield Co.

Senator SACKETT. You said there was only one, did you not?

Mr. STOUT. In the past year. There are other manufacturers who are making a high-priced line of mats, but not the kind of mats we make. I might say further, because of this India competition, about three months ago we imported ourselves 13,000 mats at a price of 48 cents per mat of the size No. 2, as against the lowest cost of a similar mat of size No. 2 of our own manufacture of 64 cents.

We have done everything that we possibly could to reduce our costs and cut down the overhead, and when I mentioned that there are 34 people employed to-day, those 34 people are doing the same work that 40 people did before, so we could try to meet this competition.

I certainly think that this is one line of business that ought to be given further consideration by increasing the duties on cocoa mats and matting.

Senator GEORGE. I notice in the summary of tariff information furnished by the Tariff Commission, this significant statement:

Imports of cocoa fiber or rattan mats and mattings come principally from British India. Smaller quantities come from Belgium and the United Kingdom. Imports from India are partly the product of mills which are owned and operated by the same interests who own and operate mills producing similar articles in the United States.

Is that so or not?

Mr. STOUT. That is not so so far as cocoa mats and matting are concerned. In India there are no mills that manufacture cocoa mats. Cocoa mats are made out through the country by the natives. They will take this mat and bring it to a small trading shop, the same as a country grocery store. They may make half a dozen mats and then bring them all in there, and in return they will get food products. It is impossible to state what the actual cost of the India mat is to-day.

Senator SACKETT. What is the amount of increase you ask for in paragraph 1022? The present rate is 8 cents.

Mr. STOUT. Eight cents per square foot on mats and we are asking to have that increased to 14 cents.

On cocoa matting the present duty is 10 cents per square yard, and we are asking to have that increased to 12 cents per square yard.

Senator GEORGE. Where do you get your raw material?

Mr. STOUT. The raw material is all imported from India, and there is an export duty on raw material from India at the present time of about \$5.40 per ton.

Senator GEORGE. An export duty?



Mr. STOUT. An export duty; yes, sir. But there is not 1 cent of export duty on the manufactured articles, either cocoa mats or matting.

Senator GEORGE. I suspect that we have some expatriated capital in India which has moved over there from America which is willing to take advantage of the tariffs.

Mr. STOUT. I think that you will find that applies to most countries to-day.

Senator SACKETT. If we were to give you this increase, would not India put a still higher export duty on the raw material, and would we not have to balance one against the other?

Mr. STOUT. That may be possible. But I think that we could be given higher protection than we have to-day and still be able to fight this Indian competition, which has put practically all the American manufacturers out of business. As I say, to-day we stand alone as the manufacturers of a whole line, and that is the low-priced line principally. That is where we get our competition, and it all goes into the hands of the foreign manufacturers, and then they can ask any price they want.

Senator SACKETT. If there were no export duty on the raw material you could get along all right?

Mr. STOUT. No; we would not. The \$5.40 a ton will not offset any difference that is shown between the present imported cost of the India mat as against the American cost of a similar mat. We imported some of those mats from India, and they were landed in Boston at 48 cents, as against the cost of our mat of 64 cents, so that there is a spread there of 16 cents on a mat.

This 64 cents of our cost does not include selling expense. Say, for instance, that your selling expense added to that would be 15 per cent, which is not high, considering the fact that you have to warehouse the goods, then it shows a larger spread.

Senator SACKETT. What would happen if India put an export duty of \$10 on them?

Mr. STOUT. Under a protection of 14 cents we could fight that and we could meet the competition.

Senator SIMMONS. You were making this product before the 1922 act was passed, were you not?

Mr. STOUT. Yes, sir.

Senator SIMMONS. You were making this product under the rates of the 1913 act?

Mr. STOUT. Yes, sir.

Senator SIMMONS. What were those rates?

Mr. STOUT. The 1922 rate was 3 cents a square foot on mats.

Senator SIMMONS. What was it before?

Mr. STOUT. It was 3 cents in 1919, 3 cents a square foot.

Senator SIMMONS. The tariff rates under the 1913 act and the 1922 act were the same?

Mr. STOUT. The tariff rate of the 1922 act was increased 100 per cent, to 6 cents a square foot.

Senator SIMMONS. Have you gotten along any better since the rate was increased than before?

Mr. STOUT. We have not; we have gone backwards. In 1926 we had nine looms running, and to-day we have only two looms running, and we can not keep those operating six months of the year. The tariff report shows a steady increase.

Senator SIMMONS. The increased duty that you got in the 1922 act did not help you?

Mr. STOUT. No, sir.

Senator SIMMONS. You went back?

Mr. STOUT. We went back instead of forward.

Senator GEORGE. The House has given you an increase from 6 cents to 8 cents in the pending bill?

Mr. STOUT. Yes, sir. But I do not think that is going to protect us on the mats, in view of what I am going to submit in this brief, and we will welcome any investigation of the whole business of this whole industry at our plant. Our costs are shown here, and as I say, the India mat is a better mat than the mat we are trying to make to meet this competition.

Senator SACKETT. You will submit your brief, will you?

Mr. STOUT. Yes, sir.

Senator SIMMONS. In the summary of tariff information I notice the statement that of mats of cocoa fiber or rattan, in 1928 the quantity imported was 4,628,702 square feet.

Mr. STOUT. Yes, sir.

Senator SIMMONS. The total value of which amounted to \$470,148?

Mr. STOUT. Yes, sir.

Senator SIMMONS. The duties paid on it amounted to \$277,722.

Mr. STOUT. That is right, sir.

Senator SIMMONS. That is more than half of the entire value of the product?

Mr. STOUT. Yes, sir.

Senator SIMMONS. I notice the further statement that the average annual imports for consumption of cocoa fiber mats from September 22, 1922—and that is when the present law went into effect—to December 31, 1927, was 187 per cent greater than the annual average under the tariff act of 1913.

Mr. STOUT. Yes, sir.

Senator SIMMONS. They doubled your rate and the importations increased 187 per cent.

Mr. STOUT. That is just why I am appearing here today asking for the rate that we are asking for.

Senator SACKETT. I think we understand what you want.

Senator GEORGE. You said that these mats were not made in factories in India. Some factories in America have moved to India, have they not?

Mr. STOUT. Not in the manufacture of cocoa mats or matting. This is a handmade proposition.

Senator GEORGE. Are you familiar with the firm of Daly-Smith Co., of Brooklyn?

Mr. STOUT. They are importers of the India mats.

Senator GEORGE. Importers?

Mr. STOUT. Yes, sir.

Senator GEORGE. Have they employees in India?

Mr. STOUT. Only so far as I know, they collect mats from the natives.

Senator GEORGE. From people living in the rural districts?

Mr. STOUT. From the natives living in the rural districts. That is the principal way in which the mat business is handled in India.

We would like to have you gentlemen give this matter your further consideration, and we thank you for the few moments of your time you have given us.

(Mr. Stout submitted the following brief:)

BRIEF OF THE HEYWOOD-WAKEFIELD CO.

To the honorable Senate Finance Committee:

Paragraph 1023 of Schedule 10 of the act of 1922 is as follows:

"Matting made of cocoa fiber or rattan, 8 cents per square yard; mats made of cocoa fiber or rattan, 6 cents per square foot."

H. R. 2667, Schedule 10, paragraph 1022, amends the foregoing provision, and provides as follows:

"Matting and articles made therefrom wholly or in chief value of cocoa fiber or rattan, 10 cents per square yard; pile mats and floor coverings, wholly or in chief value of cocoa fiber or rattan, 8 cents per square foot."

Thus the House bill increases the rates upon matting 2 cents per square yard and the rates on mats 2 cents per square foot. The increase in rates recommended in H. R. 2667, while proportionately helpful, is not adequate to permit the domestic manufacturers to continue to meet the competition of the importers.

We respectfully invite your attention to the following facts relating to the manufacture in the United States of cocoa mats and matting. We believe that these facts show conclusively that the importation of mats and matting from India is so seriously affecting the domestic industry as to threaten its continued existence and that these facts warrant a substantially larger increase in rates than those provided in H. R. 2667.

This is one of the older industries of the country, dating back over a period of more than 70 years.

We believe that the justice of our case may be best demonstrated by exhibits of domestic and foreign matting and a comparison of the cost of production of the domestic article with the selling price of the imported product.

The exhibits of domestic mats and matting referred to in this brief are manufactured by the Heywood-Wakefield Co. at Wakefield, Mass., and the exhibits of imported mats and matting are those manufactured by the Coir Floor Furnishing Co., of Alleppey, South India, these being purchased from the Coir Floor Furnishing Co. and imported by the Heywood-Wakefield Co.

EXHIBIT A

KO MATS—SIZE NO. 2

This exhibit represents a mat manufactured by the Heywood-Wakefield Co. at its factory in Wakefield, Mass.

The following is an itemized statement of the actual factory cost of production per dozen:

|   |                        |                |
|---|------------------------|----------------|
| Warp, 4.5 pounds.                                       | Coir yarn, at \$0.0675 | \$0. 3038      |
| Filler, 11.5 pounds.                                    | Coir yarn at \$0.0450  | . 5175         |
| File, 31.2 pounds.                                      | Coir yarn at \$0.0400  | 1. 2480        |
| Braid, 2.1 pounds.                                      | Coir yarn at \$0.0750  | . 1575         |
| Braid making, 2.10 pounds.                              | Coir yarn at \$0.0712  | . 0361         |
| Weavers wages, 36 square feet                           | at \$0.0144            | . 5184         |
| Factory overhead, foremen, mechanics, superintendent    |                        | 2. 8860        |
| Winding warp, 4.50 pounds, at \$0.0025                  |                        | . 0112         |
| Winding filling, 11.5 pounds, at \$0.0015               |                        | . 0173         |
| Winding pile, 3120 pounds, at \$0.0039                  |                        | . 1217         |
| Winding bobbins, 11.5 pounds, at \$0.0041               |                        | . 0472         |
| Combing   | per dozen              | . 0894         |
| Squaring  | do                     | . 1788         |
| Binding   | do                     | . 1284         |
| Jointing  | do                     | . 0408         |
| Loading and unloading                                   | do                     | . 0300         |
| Shearing  | do                     | . 0240         |
| Edge trimming   | do                     | . 0408         |
| Finishing   | do                     | . 1488         |
| Reshearing  | do                     | . 0360         |
| Tagging   | do                     | . 0156         |
| Tying   | do                     | . 0350         |
| Inspection  | do                     | . 0408         |
| Machine thread  | do                     | . 1890         |
| Tags  | do                     | . 0355         |
| Winding, weaving, combing, squaring, and shearing waste | do                     | . 4150         |
| <b>Total</b>  |                        | <b>7. 3126</b> |

EXHIBIT B

COMMON BRUSH MATS, SIZE NO. 2

This exhibit represents a mat manufactured by the Heywood-Wakefield Co. at its factory in Wakefield, Mass.

The following is an itemized statement of the actual factory cost of production, per dozen:

|  |                |
|--|----------------|
| Warp, 4.5 pounds Coir yarn, at \$0.0675.....                         | \$0. 3038      |
| Filler, 11.5 pounds Coir yarn, at \$0.0450.....                      | . 5175         |
| Pile, 31.5 pounds Coir yarn, at \$0.0500.....                        | 1. 5760        |
| Braid, 2.1 pounds Coir yarn, at \$0.0750.....                        | . 1575         |
| Braid making, 2.1 pounds Coir yarn, at \$0.0172.....                 | . 0361         |
| Weavers' wages, 36 square feet, at \$0.0144.....                     | . 5184         |
| Factory overhead, foreman, mechanics, superintendent.....            | 2. 8709        |
| Winding warp, 4.5 pounds, at \$0.0025.....                           | . 0113         |
| Winding filling, 11.5 pounds, at \$0.0014.....                       | . 0161         |
| Winding pile, 31.5 pounds, at \$0.0036.....                          | . 1134         |
| Winding bobbins, 11.5 pounds, at \$0.0041.....                       | . 0472         |
| Combing..... per dozen.....  | . 0894         |
| Squaring..... do.....  | . 1788         |
| Binding..... do.....   | . 1284         |
| Jointing..... do.....  | . 0408         |
| Loading and unloading..... do.....                                   | . 0300         |
| Shearing..... do.....  | . 0240         |
| Edge trimming..... do.....   | . 0408         |
| Finishing..... do.....   | . 1488         |
| Reshearing..... do.....  | . 0360         |
| Tagging..... do.....   | . 0156         |
| Tying..... do.....   | . 0350         |
| Inspection..... do.....  | . 0420         |
| Machine thread..... do.....  | . 1880         |
| Tags..... do.....  | . 0360         |
| Winding, weaving, combing, squaring, and shearing waste..... do..... | . 4980         |
| <b>Total.....</b>  | <b>7. 6988</b> |

EXHIBIT C

FINE LOW BRUSH MATS, SIZE NO. 2

This exhibit represents a mat manufactured by the Heywood-Wakefield Co. at its factory in Wakefield, Mass.

The following is an itemized statement of the actual factory cost of production per dozen:

|   |           |
|---|-----------|
| Warp, 5.25 pounds Coir yarn, at \$0.0675.....             | \$0. 3544 |
| Filler, 7.2 pounds, Coir yarn, \$0.0450.....              | . 3240    |
| Pile, 40.8 pounds Coir yarn, at \$0.0500.....             | 2. 0400   |
| Braid, 2.1 pounds Coir yarn, at \$0.0750.....             | . 1575    |
| Braid making, 2.1 pounds Coir yarn, at \$0.0172.....      | . 0361    |
| Weavers wages, 36 square feet, at \$0.0161.....           | . 5796    |
| Factory overhead, foreman, mechanics, superintendent..... | 3. 0525   |
| Winding warp, 5.25 pounds, at \$0.0024.....               | . 0126    |
| Winding filling, 7.2 pounds at \$0.0015.....              | . 0108    |
| Winding pile, 40.8 pounds at \$0.0035.....                | . 1428    |
| Winding bobbins, 7.2 pounds at \$0.0041.....              | . 0295    |
| Combing..... per dozen.....                               | . 0894    |
| Squaring..... do.....                                     | . 1680    |
| Binding..... do.....                                      | . 1284    |
| Jointing..... do.....                                     | . 0408    |
| Loading and unloading..... do.....                        | . 0300    |
| Shearing..... do.....                                     | . 0240    |
| Edge trimming..... do.....                                | . 0408    |
| Finishing..... do.....                                    | . 1884    |
| Reshearing..... do.....                                   | . 0360    |

|  |             |                |
|--|-------------|----------------|
| Tagging.....   | per dozen.. | \$0. 0615      |
| Tying.....   | do.....     | . 0350         |
| Inspection.....  | do.....     | . 0444         |
| Machine thread.....  | do.....     | . 2052         |
| Tags.....  | do.....     | . 0360         |
| Winding, weaving, combing, squaring, and shearing waste..... | do.....     | . 5708         |
| <b>Total.....</b>  |             | <b>8. 3926</b> |

**COST OF FOREIGN MATS IMPORTED FROM ALLEPPEY, INDIA, WHICH MATS COMPETE WITH THE THREE TYPES OF DOMESTIC MANUFACTURE WHOSE PRODUCTION COSTS ARE ABOVE SET FORTH**

The following schedules show the landed costs at the dock in New York, c. i. f., together with duty separately itemized, of a shipment of 300 dozen CCL mats purchased by the Heywood-Wakefield Co. from the Coir Floor Furnishing Co. of Alleppey, India, covered by consular invoice dated Alleppey, November 14, 1928, hereto attached.

**EXHIBIT D**

*Imported CCL brush mat, size No. 2*

(1 dozen No. 2 mats, 36 square feet)

|  |              |
|--|--------------|
|  | Per dozen    |
| Landed costs c. i. f., New York.....       | \$3. 67      |
| Plus duty, at 6 cents per square foot..... | 2. 16        |
| <b>C. i. f. cost, including duty.....</b>  | <b>5. 83</b> |

**EXHIBIT E**

*Imported CL brush mat, size No. 2*

|  |              |
|--|--------------|
|  | Per dozen    |
| Landed costs c. i. f. New York.....        | \$3. 60      |
| Plus duty, at 6 cents per square foot..... | 2. 16        |
| <b>C. i. f. cost, including duty.....</b>  | <b>5. 76</b> |

**EXHIBIT F**

*Imported XY brush mat, size No. 2*

|  |              |
|--|--------------|
|  | Per dozen    |
| Landed costs c. i. f., New York.....       | \$3. 24      |
| Plus duty, at 6 cents per square foot..... | 2. 16        |
| <b>C. i. f. cost, including duty.....</b>  | <b>5. 40</b> |

**COMPARISON OF IMPORTED AND DOMESTIC COSTS, SIZE NO. 2**

*Domestic costs at factory*

|                             |           |
|-----------------------------|-----------|
|                             | Per dozen |
| Exhibit A—KO.....           | \$7. 32   |
| Exhibit B—common brush..... | 7. 70     |
| Exhibit C—Low brush.....    | 8. 40     |

*Imported costs c. i. f. Boston, including duty*

|                    |           |
|--------------------|-----------|
|                    | Per dozen |
| Exhibit F—XY.....  | \$5. 40   |
| Exhibit E—CL.....  | 5. 76     |
| Exhibit D—CCL..... | 5. 83     |

The c. i. f. costs mentioned above on the Indian mats are also sustained by the Coir Floor Furnishing Co.'s letter of August 21, 1928, and Purishotham Govindjee's letter of November 20, hereto attached.

The foregoing schedules of the costs of domestic production in comparison with the purchase price of the imported article that is being offered in this country show a differential in favor of the imported article and against domestic production of \$1.92 to \$2.64 per dozen including duty, this being the difference between the price at which the imported mat is sold in this country and the actual cost of producing similar mats without any selling expense included.

In making these comparisons we have not even given the prices of the cheapest mats made in India but we may say that there are several which are being offered at even lower prices than the above grades.

The result of the inadequacy of the present duty to afford any degree of protection to the American industry is shown by the steady increase in the importation of the foreign product and the decline in the production of the domestic article.

#### IMPORTS INTO UNITED STATES AS SHOWN BY FOREIGN COMMERCE AND NAVIGATION

| <i>Cocoa mats</i>   | Value      |
|---|------------|
| 1927, 3,689,441 square feet.....                            | \$362, 567 |
| 1928 (10 months ending October), 3,952,174 square feet..... | 396, 789   |

Your attention is called to the fact shown by the foregoing schedules that for the 10 months ending October, 1928, there was imported a larger quantity of mats than for the entire year of 1927.

During the year 1920, 2,103,337 square feet of mats were imported into the United States under the then rate of duty of 3 cents per square foot. Notwithstanding the fact that the act of 1922 doubled this rate of duty (6 cents per square foot under par. 1023), the importations have nevertheless steadily increased in each year since 1920.

#### *Mats manufactured and shipped from the factory of the Heywood-Wakefield Co., at Wakefield, Mass., for the period 1925 to 1928, inclusive*

| Year      | Number   |
|-----------|----------|
| 1925..... | 268, 763 |
| 1926..... | 148, 316 |
| 1927..... | 109, 398 |
| 1928..... | 102, 508 |

The Heywood-Wakefield Co. originally had 14 looms manufacturing mats. In 1927 the number of looms in operation had been reduced to nine. At the present time there are only three looms engaged in the production of matting and even these are not operating continuously.

It is apparent, therefore, that it is only a question of time when this company will be obliged to discontinue the manufacture of mats and matting, just as other manufacturers have been forced to do. If this result follows and the foreign competition forces this company out of this line of business, the importer may well then enjoy the entire trade of the United States, meaning a loss of thousands of dollars to domestic producers in equipment and a loss of employment to the employees engaged in this line of work.

More than that, the importers will then be in a position to increase their selling price to any level they may see fit and the consumers in this country will be wholly at their mercy, because the business is not big enough to attract anyone to resume production well knowing that if machinery was installed and employees secured for such purpose the importers would always be in a position to so reduce prices and still make a profit that it would be impossible for the domestic endeavor to succeed.

We therefore urge upon you the necessity of giving a degree of protection that will save the American industry, first, to the end that its investment, equipment and labor may continue to be employed, and secondly, that there may be a domestic production of these mats that will operate to give the American trade an article that will compete with the imported product and prevent the Indian manufacturers from obtaining an absolute monopoly of the American business.

We desire to repeat that if the tariff rates are not substantially increased over both the existing law as well as the rates specified in H. R. 2667, the inevitable result will be an absolute monopoly of this type of matting by the imported article and that under the conditions referred to, no domestic concern will either start

or resume the manufacture of these mats because he will not hazard the necessary investment to do so, well knowing that an importer under these tariff rates can so reduce prices that the domestic producer will be wholly unable to continue in business.

## COIR MATTING

The following exhibits represent matting offered by the Malabar Coir Mats & Matting Co. (Ltd.), of Alleppey, India, with their c. i. f. costs, landed at New York as per letter of said Malabar Co. of September 25.

Exhibits C and D represent domestic matting produced by the Heywood-Wakefield Co., at its Wakefield, Mass. plant, the cost of production being shown in the following schedule:

## IMPORTED MATTING—EXHIBIT A

*Anzar plain matting, pattern No. 25335*

|   | Per square<br>yard |
|---|--------------------|
| Landed costs c. i. f. New York.....       | \$0. 32            |
| Plus duty at 6 cents per square yard..... | . 08               |
|   | <hr/>              |
| C. i. f. cost, including duty.....        | . 40               |

## IMPORTED MATTING—EXHIBIT B

*Anzar fancy matting, pattern No. 25434*

|   | Per square<br>yard |
|---|--------------------|
| Landed costs c. i. f. New York.....       | \$0. 38            |
| Plus duty at 6 cents per square yard..... | . 08               |
|   | <hr/>              |
| C. i. f. cost, including duty.....        | . 46               |

## COMPARISON OF IMPORTED AND DOMESTIC COSTS OF MATTING

*Domestic costs at factory*

|                                | Per square<br>yard |
|--------------------------------|--------------------|
| Exhibit C, No. 10 matting..... | \$0. 466           |
| Exhibit D, No. 7A matting..... | . 46               |

*Imported costs c. i. f. Boston, including duty*

|                             |      |
|-----------------------------|------|
| Exhibit A, Anzar plain..... | . 40 |
| Exhibit B, Anzar fancy..... | . 46 |

It will be observed by the above comparisons that in one instance the foreign matting is being offered in this country at the price of the factory costs of the domestic manufacturer, including no selling expense for the domestic matting, while in the other instance the imported matting is being offered at a price substantially below the factory cost of the domestic matting.

We, of course, have been unable to meet this competition.

This company originally had 10 looms manufacturing matting. We have at present only 2 looms operating on part time.

Our matting business has steadily declined to a point where we must soon discontinue it unless relief is granted, and, as stated above with reference to mats, if this company abandons the production of matting, the field will be preempted by the importers of the India mats. Appreciating their inability to compete with the prices at which the imported article may be offered in competition, domestic manufacturers are not likely to resume production, as, of course, they will understand that if they did so, the prices of the imported article could be reduced to a point that would make it impossible for the domestic producer to continue in business and still the importer could obtain a profit.

**ADVANTAGES IN THE COST OF MATERIAL AND LABOR ENJOYED BY THE IMPORTERS,  
WHICH PREVENTS ANY POSSIBILITY OF SUCCESSFUL COMPETITION BY DOMESTIC  
MANUFACTURERS**

*Labor.*—The average wage paid for labor in the mat department of the Heywood-Wakefield Co. is 50 cents per hour. This is very much higher than

the wage paid in India, where most of the mats and matting are handmade by the natives in their huts and in villages throughout the country districts, where children, women, and men are employed in the making of these mats and mattings.

Our information as to their wages indicates they are paid from 15 to 80 cents per day in the value of United States money as against the American daily wage of labor of this class of \$3.13.

It will be readily seen that the differential in labor cost against the American manufacturer is too great to be overcome by the present rate of tariff.

*Raw material.*—The coir yarn which is used in the manufacture of these mats and matting and which is obtained only from India is the subject of an export duty of \$5.50 per ton imposed by the Indian Government; but the manufactured Indian mats are exported from India free of any export duty. To state the matter another way, the United States manufacturer is obliged, through the price of coir yarn, to pay an export duty of \$5.50 per ton, whereas the Indian mats that are in direct competition with those of our domestic manufacture are landed in this country by the importers without the imposition of any export duty by the Indian Government.

It is obviously the purpose of the Indian Government to give to its home manufacture this preferential advantage and thus enable their native manufacturers to ship their mats to the United States free of export duty to compete in this country with the article here manufactured, while at the same time the Indian Government imposes a handicap upon the exportation of the raw material to this country.

#### RATE OF DUTY NECESSARY FOR MATS

The present rate of duty on cocoa mats is 6 cents per square foot, which, on one dozen mats, size No. 2, 36 square feet to the dozen, is \$2.16. Under the rate of 8 cents per square foot established in H. R. 2667 the duty would be \$2.88. The imported cost of one dozen of mats, size No. 2 (see Exhibit D) is \$5.83 per dozen including duty, or \$1.87 less than the domestic manufacturer's cost of production of one dozen size No. 2 mats (Exhibit B.)

It seems plain, therefore, that in order to afford an adequate protection to the mat industry of the United States the present duty of 6 cents per square foot should be increased to 14 cents per square foot. On this basis, the c. i. f. cost, New York, duty included, the imported mats, size No. 2 (Exhibit D) would be about \$8.71 per dozen as against the actual factory cost of the domestic mat of \$7.70 per dozen. This would result in the American cost being about \$1 per dozen below that of the imported mat, but to this domestic cost must be added approximately 15 per cent to provide for selling expenses and cash discounts.

With the addition of this 15 per cent there results a price of \$8.85 for the domestic mats (Exhibit B) as against the selling price of the imported India mat (Exhibit D) of \$8.71 per dozen (computed on the basis of a duty of 14 cents per square foot).

#### RATE OF DUTY NECESSARY FOR COIR MATTING

The present duty upon Coir matting is eight cents per square yard. The rate recommended in H. R. 2667 is 10 cents per square yard. We believe that the duty sufficient to protect the Coir matting industry in this country should be not less than 12 cents per square yard.

#### CONCLUSION

It is respectfully submitted that if the rates of duty upon cocoa mats and matting are increased as herein recommended, the domestic industry may be saved and that without such protection, it can not continue to meet the invasion of the American field by the imported product.

Various other domestic manufacturers have already abandoned production, stating that they have been unable to meet the prices quoted by the importers. If protection is not afforded, it is exceedingly doubtful if this industry is ever again resumed in this country, as no manufacturer would have the courage to hazard the investment necessary to engage in this business while being well aware that any price charged by him for the domestic article, which price was adequate



to cover his manufacturing cost, selling expense, and any degree of profit, could be more than met by the importers and still give to them a substantial profit from the sale of the imported product.

Respectfully submitted.

HEYWOOD WAKEFIELD Co.

**BRIEF OF THE COCOA MAT AND COCOA MATTING GROUP,  
NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS**

SENATE FINANCE COMMITTEE,

*United States Senate, Washington, D. C.*

GENTLEMEN: In H. R. 2667, cocoa mats and cocoa matting are provided for as follows:

"PAR. 1022. Matting and articles made therefrom, wholly or in chief value of cocoa fiber or rattan, 10 cents per square yard; pile mats and floor coverings, wholly or in chief value of cocoa fiber or rattan, 8 cents per square foot."

The rates of duty under the existing tariff are: Cocoa matting, 8 cents per square yard; cocoa mats, 6 cents per square foot.

In the brief presented to the House Ways and Means Committee during their hearings, it was suggested that rates be as follows: Cocoa matting, 6 cents per square yard; cocoa mats, 4 cents per square foot.

Importations under this heading comprise cocoa fiber runners or matting and cocoa mats, produced principally in India. These are items of direct necessity in every household in the United States.

The material of which cocoa matting and mats are made, described in the tariff as "cocoa fiber," but universally known to commerce as coir yarn, is injurious to handle, cutting the hands and affecting the lungs of those compelled to work it. It has, therefore, been impossible to develop the industry in this country, notwithstanding advances in the Fordney-McCumber tariff over the Underwood tariff of 100 per cent increase on cocoa mats (a rate of 6 cents a square foot instead of 3 cents); 33½ per cent increase on cocoa matting (a rate of 8 cents a square yard instead of 6 cents).

Furthermore, it is not desirable that an industry not essential to the national welfare, but injurious to the workers, should be developed.

We are requesting a reduction in rates under the existing tariff for the reason that about 90 per cent of the imports of cocoa mats are paying the equivalent of 75 per cent ad valorem. If the H. R. 2667 increased rate is allowed to stand, about 90 per cent of the imports of these mats will be paying an equivalent of 100 per cent ad valorem.

The present rates are excessive and any further advances will be equivalent to an embargo.

Any increase in the rates will, in our opinion, not help the American industry, but will certainly penalize the American consumer. The rates should be reduced to cocoa matting, 6 cents per square yard; cocoa mats, 4 cents per square foot.

CONCLUSION

The importers of cocoa mats and cocoa matting are mainly American firms and corporations who merely seek an equitable basis on which to carry on their business.

We subscribe to the proposition that American industry should have ample protection, but we maintain that the exclusion from this country of merchandise which can have no direct bearing upon domestic manufacturers, is unfair to the importer and unjust to the consumer.

Respectfully submitted.

GEO. E. MALLINSON IMPORTING Co. (INC.),  
GEO. E. MALLINSON, *President*,  
*New York, N. Y.*  
WM. GOODACRE & SONS (LTD.),  
*New York, N. Y.*  
C. J. MENTRUP Co. (INC.),  
CARL MENTRUP, *Vice President*,  
*New York, N. Y.*

Representing cocoa mat and cocoa matting group of National Council of American Importers & Traders (Inc.).

## BRIEF OF IMPORTERS OF MOURZOUK RUGS

(Cocoa-fiber rugs)

SENATE FINANCE COMMITTEE,  
*United States Senate, Washington, D. C.*

GENTLEMEN: The undersigned firms represent the group of American importers of rugs made of cocoa fiber known as "Mourzouk rugs," and made principally in Belgium and Holland. They are not made in this country. Being entirely made by hand, there is nothing similar made in this country. They are loom made, flat surface, no pile.

Under the present tariff, they pay 40 per cent duty as "floor coverings not specially provided for," old paragraph 1022.

Under the proposed bill, H. R. 2667, it is not entirely clear as to whether Mourzouk rugs will continue under the same rate and classification as provided for in paragraph 1021, "all other floor coverings not specially provided for, 40 per cent ad valorem;" or whether they will be included in paragraph 1022 as matting, at 10 cents per square yard; or pile mats and floor coverings, at 8 cents per square foot.

At the present time the first cost price in the home market on Mourzouk rugs ranges from about 75 cents to \$1.10 per square yard. Accordingly the duty based on 40 per cent ad valorem would range from 30 cents to 44 cents per square yard. We believe that the great majority of Mourzouk rugs are imported on a basis of about 90 cents per square yard, therefore the average duty paid is about 36 cents a square yard at the present time.

If Mourzouk rugs were classified under paragraph 1022 of the new proposed tariff as "matting and articles made therefrom, wholly or in chief value of cocoa fiber or rattan," the duty would be only 10 cents per square yard. If they were classified as "pile mats and floor coverings, wholly or in chief value of cocoa fiber or rattan," the duty would be 8 cents per square foot or 72 cents per square yard. Under the latter heading the duty would be twice as high as under the present rating. We believe that a duty of approximately 72 cents a square yard or in fact anything in excess of the present 40 per cent ad valorem would practically prohibit the importation of Mourzouk rugs.

One of the objects of the present bill being to specifically mention articles that are regularly imported in fair volume, rather than leave them under general clauses, we respectfully petition your committee to add to new paragraph 1022, "rugs or mats wholly or of chief value cocoa fiber, without pile, 40 per centum ad valorem."

You will note that we are not requesting any change in the rate.

The importations of these rugs amount to about \$150,000 per annum as nearly as we can estimate.

Yours respectfully,

C. J. MENTRUP Co. (INC.),  
GEO. E. MALLINSON IMPORTING Co. (INC.)  
WM. GOODACRE & SONS (LTD.).



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# SUPPLEMENT

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## FLAX YARNS

[Par. 1001]

### SUPPLEMENTAL MEMORANDUM SUBMITTED BY N. R. FOSTER, REPRESENTING THE FOSTER TEXTILE CORPORATION, LOCK- PORT, N. Y.

Hon. FRANK L. GREENE,  
*Senate Office Bldg., Washington, D. C.*

DEAR SIR: At the hearing before your honorable committee on June 21, Senator Sackett requested that I add to my brief my suggestion as to the wording and duties to be imposed on flax yarns, paragraph 1004A.

Having consulted with Messrs. Clark and Alexander, of the textile division of the Tariff Commission, that the best form of duty is an ad valorem, and in commuting an ad valorem duty, you do not put an access on the cheap yarns as is done when a specific duty is imposed, and is more workable than a compound duty. Have also consulted with Mr. James Walsh, of the Elliott-Granite Linen Co., Mr. H. L. Ransom, of the Niagara Textile Co., and they all agree that a straight ad valorem duty of 25 per cent is preferable rather than a lower duty on some yarns and higher duty on others. Therefore, I would like to add to my brief as follows:

"Schedule 10, paragraph 1004A, single yarns of flax, hemp, or ramie, or a mixture of any of them, 25 per cent ad valorem."

I believe if a duty is imposed as above it will materially help us to compete with the woven products that are produced at low figures by foreign labor.

Very much appreciating the opportunity of supplementing my brief and the reception that you gave me.

Yours very truly,

FOSTER TEXTILE CORPORATION,  
N. R. FOSTER, *President.*

## CRIN VEGETAL

[Par. 1001]

### BRIEF OF THE FIBRE PRODUCTS CORPORATION, NEW YORK CITY

#### CRIN VEGETAL

1. This is a natural raw product the like of which is not grown here.
2. It provides labor for the American workman.
3. It employs American capital.
4. It is the only vegetable fiber known for its purpose to be wholly germ, insect, and moth proof and yet comparatively cheap.
5. It is a product, uncultivated, that Providence in its wisdom has planted in North Africa where the elements and climatic conditions do not interfere with its perennial growth, thereby providing an always possible supply.
6. It is used as a stuffing in cheap upholstered furniture. Its natural characteristics permit of no other use.
7. It was used with indifferent success 25 years ago. During the past 12 years it has been used more and more extensively, due principally to improved manufacturing methods here.
8. It sells for an average price of 6 cents per pound.
9. Previous to 1921 it was on the free list. Since then it is dutiable at  $\frac{3}{4}$  cent per pound.

10. Assuming that the Department of Commerce records are correct in stating that 8,000 tons were imported in 1927, the Government has collected approximately \$125,000 in duties.

11. We question the accuracy of this report both from our own knowledge and that we have been told the department keeps no separate record of crin vegetal but it is classed with other so-called "vegetable fibers." Investigation in the department on your part, we are confident will sustain us.

12. Opinion of furniture manufacturers is that retention of present or any increased duty will not stop its use, but on the contrary will seriously retard the much-needed progress in the furniture industry that caters to the middle and poorer classes.

#### FLAX TOW

1. This is a by-product, being the straw stalks of the flax plant.
2. Flax is grown here solely for its seed from which linseed oil is extracted.
3. The general opinion of the upholstered-furniture industry is that tow is the poorest stuffing on the market for the following reasons:
  - a. Germinates tow bugs and other vermin, particularly in warm or moderately warm sections of the country.
  - b. Lacks resiliency, being practically flat.
  - c. Breaks up easily, making percentage of waste uneconomical.
4. Its supply is uncertain because it is seasonable and depends chiefly on the weather.
5. It sells at an average price of  $2\frac{3}{4}$  cents per pound.
6. We understand because of its cheapness it is also used in the making and preparation of certain building materials.

#### MOSS

1. Moss is a parasite plant whose supply depends on weather conditions and is seasonable.
2. Moss has always been and still is classed as a higher priced and better stuffing material and has always been identified with the more expensive furniture only.
3. Because of the way it is gathered and the method that must be employed in its preparation for the trade, moss can never be cheap no matter how desirable its use may be.
4. It sells for an average price of 12 cents per pound.

#### HAIR

1. Hair is so far above any of the above in characteristics, being an animal fiber, its basic price is beyond all comparison.
2. It is getting scarcer yearly. Moss being the next consideration for longevity should make moss the only stuffing desired for the real high-priced furniture, providing the moss industry improves its method of production.

#### COMPETITION

*Flax tow at  $2\frac{3}{4}$  cents per pound compared with crin vegetal at 6 cents per pound. Moss at 10 to 14 cents per pound compared with hair at 30 cents and up per pound.*

With the above facts before you can anyone unselfishly and truthfully say there is competition between them?

When the public which is getting to be more discriminating every day demands relative merit and value would you say that is competition?

Everyone of the above stuffing materials is in a class by itself both because of basic price and characteristics.

Each has its place and part to play.

If it lacks merit, it will fail of its purpose and no tariff is intended to or can save it. It is always a survival of the fittest.

It is the evolution of progress and business in America, as witness the automobile and the horse.

Your statistics will show an ever-increasing importation of crin vegetal. Why? Because the upholstered-furniture industry is demanding it and they only voice the desires of the public generally. They who use crin vegetal have proven it is economically cheaper at 6 cents per pound than tow at 2 or 3 cents. There is no aftermath in its use. A suite sold is not returned, because it has no bugs to eat through the covering.

The use of crin vegetal enables the furniture manufacturer to produce an article of merit at a price that permits the middle and poorer classes of this country to purchase it and they represent at least 80 per cent of the entire population.

All this is more or less substantiated by the inclosed letters and petitions.

We believe it to be the sense of your committee to arrive at a solution that is eminently fair and one that will benefit a majority of the public directly and indirectly.

We pray for a restoration of crin vegetal to the free list.

Respectfully submitted.

FIBRE PRODUCTS CORPORATION,  
D. W. HONTZELL, *Treasurer.*

## HARD-FIBER CORDAGE

[Par. 1005]

### BRIEF OF J. S. McDANIEL, NEW YORK CITY, REPRESENTING THE CORDAGE INSTITUTE

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

Section 1: 1. We, the undersigned manufacturers, representing the entire United States hard fiber cordage industry, herewith present for your favorable consideration, our brief covering a revision of paragraphs 1005 and 1021 of the tariff act of 1922, and requesting your retention of the revised paragraph 1005 as contained in H. R. 2667 now pending before your committee.

2. *Act of 1922, paragraphs 1005 and 1021.*—The particular paragraphs of the tariff act of 1922, with which this brief is concerned, are paragraphs 1005 and 1021.

Paragraph 1005 reads as follows: "Cordage, including cables, tarred or untarred, wholly or in chief value of manila, sisal, or other hard fibers, three-fourths of 1 cent per pound; cordage, including cables, tarred or untarred, wholly or in chief value of sunn, or other bast fibers, but not including cordage made of jute, 2 cents per pound; wholly or in chief value of hemp, 2½ cents per pound."

Paragraph 1021 reads as follows: "All woven articles, finished or unfinished, and all manufactures of vegetable fiber other than cotton, or of which such fibers or any of them is the component material or chief value, not specially provided for, 40 per centum ad valorem."

3. *Paragraph as suggested to House.*—We suggested paragraph 1005 of the act of 1922 be changed by the House Ways and Means Committee to read as follows:

"Cordage, tarred or untarred, composed of three or more strands, each strand composed of two or more yarns, wholly or in chief value of abaca (manila), sisal, henequen, or other hard fibers, or a mixture of any of these:

|   | Cents<br>per pound |
|---|--------------------|
| ¾-inch diameter and larger.....   | 3½                 |
| Smaller than ¾ inch diameter, but not smaller than ⅝ inch diameter..... | 4                  |
| Smaller than ⅝ inch diameter, but not smaller than ⅜ inch diameter..... | 4½                 |
| Smaller than ⅜ inch diameter, but not smaller than ¼ inch diameter..... | 5½                 |
| Smaller than ¼ inch diameter.....                                       | 6½                 |

ply and yarn goods, tarred or untarred, any form of put-up including many end, wholly or in chief value of abaca (manila), sisal, henequen, or other hard fibers or a mixture of any of these, 40 per cent ad valorem; cordage, including cables, tarred or untarred, wholly or in chief value of sunn, or other bast fibers, but not including cordage made of jute, 2 cents per pound; wholly or in chief value of hemp, 2½ cents per pound."

The suggested changes in phraseology were to define clearly the products included under this paragraph and to avoid the necessity of interpretation.

Ply and yarn goods were not specifically provided for in the tariff act of 1922 and these goods have been classified<sup>1</sup> under paragraph 1021 of that act. These goods, being made of hard fibers, should be specifically named and included as such under paragraph 1005, with no change in existing rates.

4. Paragraph 1005 in H. R. 2667.—"Par. 1005. (a) Cordage, including cables, tarred or untarred, composed of three or more strands, each strand composed of two or more yarns:

<sup>1</sup> Treasury Decision 39970, Treasury Decision 41156, same being U. S. Court of Customs Appeals decision<sup>8</sup> and Treasury Decision 40805, same being interpretation of what is binder twine. (See Exhibit No. 1.)



"(1) Wholly or in chief value of manila (abaca), sisal, henequen, or other hard fiber, 2½ cents per pound; and in addition thereto, on any of the foregoing smaller than three-fourths of 1 inch in diameter, 15 per cent ad valorem;

"(2) Wholly or in chief value of sunn, or other bast fiber, but not including cordage made of jute, 2 cents per pound;

"(3) Wholly or in chief value of hemp, 3¼ cents per pound.

"(b) Cords and twines (whether or not composed of three or more strands, each strand composed of two or more yarns), tarred or untarred, single or plied, wholly or in chief value of manila (abaca), sisal, henequen, or other hard fiber, 40 per cent ad valorem."

5. *Suggested change in phraseology from paragraph 1005, H. R. 2667.*—We suggest the following change in section (b) of paragraph 1005 of H. R., 2667:

"(b) Cords, twines, and yarns, not specially provided for, tarred or untarred, single or plied, any form of put-up, including many-end, wholly or in chief value of Manila (abaca), sisal, henequen, or other hard fiber, 40 per centum ad valorem."

The reason for this suggested change is to avoid ambiguity and possible misinterpretation of the intent of the act. The words "cords and twines (whether or not composed of three or more strands, etc.)" might be construed to include cordage which is otherwise specifically provided for and which inclusion is manifestly not intended by the act.

6. *Reasons for changes from tariff act of 1922.*—We recommended certain changes in rates because of increasing imports from many countries, notably England, Ireland, Netherlands, Belgium, and Mexico. These imports are made possible because of the low cost of production due to low wages in foreign countries.

We asked for different rates on smaller sizes due to a greater labor cost in the production of these smaller sizes.

We have suggested no change in existing rate on ply and yarn goods of all hard fibers.

#### 7. Comparison of wages.—

TABLE 1.—Labor rates.

|                    | Cents per hour | Per cent United States rates |
|--------------------|----------------|------------------------------|
| United States..... | 45             | 100                          |
| Ireland.....       | 13½            | 30                           |
| England.....       | 18             | 40                           |
| Belgium.....       | 10¾            | 24                           |
| Holland.....       | 15¾            | 35                           |
| Germany.....       | 14½            | 35                           |
| Cuba.....          | 12             | 27                           |
| Mexico.....        | 10             | 22                           |

8. *Production costs.*—We show below comparative production costs. For products of Manila fiber, the disadvantage under which the United States manufacturers are working is confined to labor and overhead, the cost of raw material being practically the same in all countries. For products of sisal or henequen fiber, Mexico has an advantage of 1.09 cents per pound of raw material because United States manufacturers pay a Mexican export tax on henequen fiber (Mexico has a monopoly on this fiber) which Mexican manufacturers do not pay. This in effect is a subsidy to Mexican cordage manufacturers.

TABLE II.—Cents per pound

|                 | Manila—Three-fourths inch diameter and larger |         |         |         |             | Sisal—Three-fourths inch diameter and larger |        |
|-----------------|---|---------|---------|---------|-------------|--|--------|
|                 | United States                                 | Ireland | England | Belgium | Netherlands | United States                                | Mexico |
| Material.....   | 11.96   | 11.96   | 11.96   | 11.96   | 11.96       | 7.60   | 6.51   |
| Labor.....      | 3.35  | 1.00    | 1.34    | .81     | 1.13        | 3.75   | .52    |
| Overhead.....   | 1.42  | .43     | .57     | .34     | .50         | 1.59   | .35    |
| Total.....      | 16.73   | 13.39   | 13.87   | 13.11   | 13.59       | 12.94  | 7.68   |
| Difference..... |   | 3.54    | 2.96    | 3.62    | 3.14        |  | 5.26   |

\* Market value Jan. 1, 1920.

United States labor and overhead costs from Table II have been obtained by merging representative figures based upon a uniform cost accounting system used in the industry.

Foreign labor and overhead costs are arrived at by applying to United States figures for labor and overhead the percentage figures shown in Table I.

An average of the above differences weighted by volume of importations from different countries is 3.51 cents per pound on three-fourths inch diameter and larger. (See Exhibit No. 2.)

By the same method and due to the greater amount of labor required in manufacturing smaller sizes, the differences on these sizes are:

TABLE III

| Diameter                  | Difference, cents per pound | Duties suggested to House committee, cents per pound | Provisions of H. R. 2667 |                       |
|---------------------------|-----------------------------|--|--------------------------|-----------------------|
|                           |                             |  | Cents per pound          | Ad valorem additional |
|                           |                             |  |                          | <i>Per cent</i>       |
| Three-fourth inch.....    | 3.51                        | 3½   | 2½                       | -----                 |
| Five-eighth inch.....     | 3.90                        | 4  | 2½                       | 15                    |
| One-half inch.....        | 4.14                        | 4  | 2½                       | 16                    |
| Three-eighth inch.....    | 4.54                        | 4½   | 2½                       | 15                    |
| One-fourth inch.....      | 5.81                        | 5½   | 2½                       | 15                    |
| Three-sixteenth inch..... | 6.92                        | 6½   | 2½                       | 15                    |

The duties suggested to the House committee were equivalent to an average ad valorem rate, on foreign valuation, of less than 35 per cent. The provisions of H. R. 2667 will result in an equivalent ad valorem rate considerably less than this 35 per cent figure.

Germany is a large producer of cordage, and before the war did a large export business. Their present low wages make Germany a strong potential exporter of cordage to the United States.

In substantiation of the above we offer as Exhibit No. 3 appended hereto a comparison of foreign production costs derived from invoices of actual sales or actual quotations of foreign products in the United States during the years 1927 and 1928, compared to actual domestic production costs, which difference averages 4.27 cents per pound for three-fourths inch diameter and larger.

9. Imports and domestic production.—Imports have increased nearly 300 per cent since the year 1922, and domestic production has decreased as indicated in the following statistical table:

TABLE IV.

| Year      | Imports of cordage, including cables, of manila, sisal, and other hard fibers, into the United States (U. S. Department of Commerce, customs statistics) | Domestic production (bureau customs statistics) | Year                     | Imports of cordage, including cables, of manila, sisal, and other hard fibers, into the United States (U. S. Department of Commerce, customs statistics) | Domestic production (bureau customs statistics) |
|-----------|--|---|--------------------------|--|---|
|           | <i>Pounds</i>  | <i>Pounds</i>                                   |                          | <i>Pounds</i>  | <i>Pounds</i>                                   |
| 1919..... | 3,490,761  | 172,995,923                                     | 1925.....                | 9,549,423  | 149,322,181                                     |
| 1920..... | 3,262,589  |   | 1926.....                | 10,538,959   |   |
| 1921..... | 1,825,341  | 113,377,038                                     | 1927.....                | 10,447,736   | 149,318,846                                     |
| 1922..... | 3,057,212  |   | 1928.....                | 11,891,047   | -----   |
| 1923..... | 5,339,928  | 158,353,324                                     | 1929 (first 4 months)... | 5,411,142  | -----   |
| 1924..... | 7,643,955  |   |                          |  |   |

10. Increase of imports.—Total imports of all merchandise (dutiable) into the United States increased 40 per cent 1922–1927.

Imports of cordage increased 296 per cent during the same period.

NOTE.—Authority, United States customs statistics, based on value.

11. Exports.—Exports of cordage have declined 30 per cent, 1924 to 1927 (see Exhibit No. 4), and, on the basis of figures available in the section of customs

statistics, Department of Commerce, actual exports of cordage for the year 1928 have further declined from 4,812,000 pounds in 1927 to 4,370,547 pounds in 1928.

Through admitted error in the gathering of cordage statistics, an ostensible total of 8,705,127 pounds of exports for 1928 is reduced to 4,370,000 pounds, as a recheck of three months reveals that more than 4,300,000 pounds of binder twine was erroneously reported as cordage. (See Exhibit No. 4A.)

This recheck of only three months was not a complete check and it is possible that the ultimate accurate figures as to cordage exports for 1928 will be even further reduced. The discovery of the errors admittedly shown in the 1928 figures justifies the assumption that there may have been similar errors in the computation of cordage totals for the previous years. (See Exhibit No. 4A.)

Barring an insignificant quantity of specialties, the export of rope from the United States to European countries is negligible.

Exports to Cuba and Mexico are largely to sugar, fruit, and industrial companies having their home offices in the United States. Exports to these countries have declined approximately 52 per cent from 1924 to 1927. (See Exhibit No. 4.)

Exports to Canada have been entirely small sizes, of special manila ropes, used in connection with the fishing industry, the exportation of which has been materially curtailed by European competition in Canada.

Total exports of cordage from the United States in 1927 were approximately 5,000,000 pounds, or less than 3½ per cent of total domestic production.

12. *Importance of industry and employees affected.*—Capital invested in this industry is \$48,000,000.<sup>1</sup> Number of employees affected, 15,084. (United States Biennial Census, 1927.) Cordage and ply and yarn goods are essential to American shipping, railroads, and other transportation systems, to the transmission of power (as in the mining of coal), to the production of oil, to construction and engineering projects, to the fishing industry, to lumbering, and to practically every line of activity. It is particularly essential to the United States Government for its Army, Navy, Engineers (including flood-control work), Coast Guard, Lighthouse Service, in fact every department of the Government. While the Government and domestic industries require cordage for ordinary and peace-time uses, the needs for cordage and twines in war time can not be over-estimated.

The cordage industry has these characteristics which are worthy of consideration. It is an industry as old as the country itself, and is geographically well spread over the country—mills being located in 11 States. All of its raw material comes from foreign or far-removed countries, such as Mexico, Africa, Java, and the Philippine Islands, and no domestic fibers are available for replacing those now used.

In the case of sisal from Mexico and Java, representing 92 per cent of the total sisal fiber used in domestic production, there is monopolistic foreign control.

The cordage industry is an industry essential to the United States and was so classified during the World War. For the good of the nation, therefore, it must be permitted not only to exist but to develop for any contingency that may arise. We are asking only for those rates of duty that permit this to be accomplished.

## SECTION II

1. The entire domestic hard fiber cordage industry is vitally affected by imports of hard fiber cordage from the Philippines and we are, therefore, interested in section 301 of Title III of the act of 1922 and H. R. 2667 which exempt Philippine-made cordage from duties.

2. Labor rates in the domestic cordage industry are 45 cents per hour; comparable rates in the Philippine cordage mills are 10 cents per hour. Therefore, the Philippine rate is only 22 per cent of the domestic rate.

3. The Philippine cordage manufacturers are located at the source of production of the principal cordage fiber, abaca (manila fiber), and, for this reason, it is unnecessary for them to carry more than a few weeks' supply of this raw material.

The United States manufactuerrrs are at a decided disadvantage as their stocks of abaca and their total purchases to arrive, combined, average a six and three-eighths months' supply as based on figures for the last two years. This is necessary because of distance from source of production and supply.

<sup>1</sup> Based on actual reports of 75 per cent of industry; 25 per cent estimated.

4. Furthermore, the government of the Philippine Islands, by law, supervises the grading and baling of abaca, and no fiber other than government-inspected and baled fiber is exported, including exports to the United States. United States manufactuerrrs are discriminated against inasmuch as the Philippine manufacturers are permitted to buy and use fiber not graded or baled and, if they use graded and baled fiber, the inspection fee, assessed by law, is refunded to them.

5. Imports from the Philippine Islands have increased approximately 425 per cent since 1919 as can be seen from the following table:

*Imports of cordage, including cables, of manila, sisal, and other hard fibers, into the United States from the Philippine Islands*

| [United States customs statistics] |             |
|------------------------------------|-------------|
| Year                               | Pounds      |
| 1919-----                          | 1, 119, 861 |
| 1920-----                          | 899, 007    |
| 1921-----                          | 1, 157, 609 |
| 1922-----                          | 1, 634, 688 |
| 1923-----                          | 2, 328, 256 |
| 1924-----                          | 5, 216, 755 |
| 1925-----                          | 6, 901, 956 |
| 1926-----                          | 6, 570, 846 |
| 1927-----                          | 4, 849, 141 |
| 1928-----                          | 5, 882, 703 |
| 1929—first 4 months-----           | 2, 717, 196 |

Exports from Philippine Islands decreased in 1927 due to fire decreasing production of one mill, which mill is now being rebuilt with increased capacity.

6. We have set forth these facts respecting another important phase of the tariff question as related to this industry, for the information of the committee, and to indicate the justice and reasonableness of the view that the same duties, as applied for under Section I of this brief, should be made applicable to hard fiber cordage products imported into the United States from the Philippine Islands.

Respectfully submitted.

American Manufacturing Co., Brooklyn, N. Y.; California Thorn Cordage (Inc.), Los Angeles, Calif.; Columbian Rope Co., Auburn, N. Y.; Cupples Co., Manufacturers (Inc.), Brooklyn, N. Y.; Edwin H. Fidler Co., Philadelphia, Pa.; Hooven & Allison Co., Xenia, Ohio; R. A. Kelly Co., Xenia, Ohio; New Bedford Cordage Co., New Bedford, Mass.; Peoria Cordage Co., Peoria, Ill.; Plymouth Cordage Co., North Plymouth, Mass.; Portland Cordage Co., Portland, Oreg.; Portland Cordage Co., Seattle, Wash.; John Rauschenberger Co., Milwaukee, Wis.; Rinek Cordage Co., Easton, Pa.; E. T. Rugg Co., Newark, Ohio; St. Louis Cordage Mills, St. Louis, Mo.; Tubbs Cordage Co., San Francisco, Calif.; Wall Rope Works (Inc.), Beverly, N. J.; Waterbury Co., New York, N. Y.; Western Cordage Co., Orange, Calif.; Whitlock Cordage Co., Jersey City, N. J.

EXHIBIT No. 1

Treasury Decision 39970, dated January 22, 1924, reads in part as follows: "the department is of the opinion that merchandise of the character under consideration made from the fibers enumerated in paragraph 1005 is excluded from the said paragraph as cordage if less than three-sixteenth of an inch in diameter and is accordingly dutiable as manufactures of vegetable fiber not specially provided for at the rate of 40 per cent ad valorem under paragraph 1021 of the tariff act. You will be governed accordingly."

Treasury Decision 41699 is a report of the findings of the United States Court of Customs Appeals in the matter of Monroe Foreign Forwarding Co. v. United States (2708) wherein the court affirmed the decision of the Board of United States General Appraisers G. A. 9053 (T. D. 41156), which held that twine less than three-sixteenths of an inch in diameter, made by twisting two strands of manila or sisal fiber, is a manufacture of vegetable fiber other than cotton (paragraph 1021, tariff act of 1922).

Treasury Decision 40805 is an interpretation of binder twine, wherein the department holds that binder twine as used in paragraph 1521 of the tariff act of 1922, "is limited to such twines as are used on harvesting machines, and it also concurs in his opinion that such twine, to be free of duty under paragraph 1521, must be a single-ply, hard-twisted twine, made from any of the fibers

enumerated in paragraph 1521, or a mixture of two or more of them, must contain approximately not less than 500 feet to the pound, nor more than 750 feet to the pound, and the twine (which must be oiled) put up in balls of 5 to 8 pounds each."

## EXHIBIT No. 2

## Computations showing weighted averages

| Country                                    | Total pounds imported, 1926, 1927, 1928 | Difference in costs $\frac{3}{4}$ inch diameter and larger (from Table II) |
|--|---|--|
| Ireland and England (average).....manila.. | 7,463,752                               | 3.10   |
| Belgium.....do.....                        | 1,253,207                               | 3.62   |
| Netherlands.....do.....                    | 2,905,020                               | 3.14   |
| Mexico.....sisal.....                      | 2,235,271                               | 5.26   |
| <b>Total</b> .....                         | <b>13,857,250</b>                       | <b>3.51</b>  |

Figures for exports obtained from monthly data by Department of Commerce and taken from United States Customs Statistics.

## EXHIBIT No. 3

Table showing comparison of foreign production costs with United States production costs <sup>1</sup>

## MANILA AND SISAL ROPE, THREE-FOURTHS TO 1 INCH

|   | Example No. 1. British rope, New York cordage on United States English office <sup>2</sup> |                                   | Example No. 2. British ropes, Balfour Guthrie & Co., San Francisco <sup>3</sup> |                                    |
|---|--|-----------------------------------|---|------------------------------------|
|   | Dec. 20, 1927, first-grade manila  | Nov. 13, 1928, third-grade manila | Nov. 13, 1928, third-grade manila   | Nov. 13, 1928, second-grade manila |
| <b>Foreign costs:</b>                                       |  |                                   |   |                                    |
| Selling price (before deduction of cash discount).....      | \$10.45  | \$12.39                           | \$12.00   | \$13.25                            |
| Less duty.....  | .75  | .75                               | .75   | .75                                |
| Freight, etc.....   | 1.00   | 1.25                              | 1.25  | 1.25                               |
| Profit to distributor.....                                  | .85  | .60                               | .60   | .65                                |
| <b>Total</b> .....  | <b>2.60</b>  | <b>2.60</b>                       | <b>2.60</b>   | <b>2.65</b>                        |
| <b>Net return to manufacturer at port of shipment</b> ..... | <b>13.85</b>   | <b>9.75</b>                       | <b>9.40</b>   | <b>10.60</b>                       |
| Estimated profit to manufacturer (10 per cent on cost)..... | 1.30   | .90                               | .85   | 1.00                               |
| <b>Cost to foreign manufacturer</b> .....                   | <b>12.55</b>   | <b>8.83</b>                       | <b>8.55</b>   | <b>9.60</b>                        |
| <b>Comparable United States costs:</b>                      |  |                                   |   |                                    |
| Fiber in product <sup>4</sup> .....                         | 13.35  | 7.35                              | 7.35  | 8.55                               |
| Sundries (oil and packing material).....                    | .58  | .58                               | .58   | .58                                |
| <b>Total material costs</b> .....                           | <b>13.93</b>   | <b>7.93</b>                       | <b>7.93</b>   | <b>9.13</b>                        |
| Labor and overhead (see Table II).....                      | 4.77   | 4.77                              | 4.77  | 4.77                               |
| Cash discount.....  | .30  | .25                               | .25   | .27                                |
| <b>Total comparable United States cost</b> .....            | <b>19.00</b>   | <b>12.95</b>                      | <b>12.95</b>  | <b>14.17</b>                       |
| <b>Difference</b> .....                                     | <b>6.45</b>  | <b>4.07</b>                       | <b>4.40</b>   | <b>4.57</b>                        |

<sup>1</sup> Data obtained from invoices, etc., photostats herewith.

<sup>2</sup> Freight paid to Delhi, Ohio. Profit to distributor, 5 per cent on Government business.

<sup>3</sup> Freight paid to San Francisco. Profit to distributor, 5 per cent outside selling.

<sup>4</sup> Based on average fiber costs 3-5 months prior to sale of product.

|   | Example No. 3. Mexican rope, Rindge & Rindge, Chicago <sup>1</sup> | Example No. 4. British rope, Baker Carver & Morrell-Vendor <sup>2</sup> |                                   |                              |
|---|--|---|-----------------------------------|------------------------------|
|   | Nov. 16, 1928, Mexican sisal                                       | Dec. 17, 1928, second grade manila                                      | Dec. 17, 1928, third grade manila | Dec. 17, 1928, African sisal |
| Foreign costs:  |  |   |                                   |                              |
| Selling price (before deduction of cash discount).....      | \$9.50   | \$16.00   | \$14.50                           | \$13.00                      |
| Less duty.....  |  | .75   | .75                               | .75                          |
| Freight, etc.....   | .75  | .75   | .75                               | .75                          |
| Profit to distributor.....                                  | .50  | 1.60  | 1.45                              | 1.30                         |
| Total.....  | 1.25   | 3.10  | 2.95                              | 2.80                         |
| Net return to manufacturer at port of shipment.....         | 8.25   | 12.90   | 11.55                             | 10.20                        |
| Estimated profit to manufacturer (10 per cent on cost)..... | .75  | 1.10  | 1.00                              | .95                          |
| Cost of foreign manufacturing.....                          | 7.50   | 11.80   | 10.55                             | 9.25                         |
| Comparable United States costs:                             |  |   |                                   |                              |
| Fiber in product <sup>3</sup> .....                         | 7.05   | 8.37  | 7.25                              | 7.75                         |
| Sundries (oil and packing material).....                    | .52  | .58   | .58                               | .52                          |
| Total material costs.....                                   | 7.57   | 8.95  | 7.83                              | 8.27                         |
| Labor and overhead (see Table II).....                      | 5.34   | 4.77  | 4.77                              | 5.34                         |
| Cash discount.....  | .21  | .27   | .25                               | .23                          |
| Total comparable United States cost.....                    | 13.12  | 13.99   | 12.85                             | 13.84                        |
| Difference.....   | 5.62   | 2.19  | 2.30                              | 4.59                         |

<sup>1</sup> Freight paid to Chicago. Profit to distributor, 5 per cent, quoted duty free.

<sup>2</sup> Freight paid to New York. Profit to distributor, 10 per cent.

<sup>3</sup> Based on average fiber costs 3-5 months prior to sale product.

Average of all examples, 4.27.

EXHIBIT NO. 4

Total exports, in pounds, manila and sisal or henequen cordage<sup>1</sup>

[Tables compiled from Foreign Commerce and Navigation, published by Department of Commerce]

| Country  | 1922      | 1923      | 1924      | 1925      | 1926      | 1927      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Europe.....  | 217,012   | 285,066   | 229,874   | 357,382   | 104,056   | 204,464   |
| Asia.....  |           | 12,448    | 18,612    | 15,292    | 1,202     | 10,395    |
| Oceania.....   | 33,104    | 71,893    | 64,117    | 52,191    | 32,053    | 48,677    |
| Africa.....  | 70,455    | 83,543    | 52,371    | 83,584    | 110,168   | 71,674    |
| North and Central Americas, not including Cuba and Canada..... | 1,566,184 | 1,593,370 | 1,591,220 | 1,631,475 | 1,216,860 | 1,155,644 |
| South America <sup>2</sup> .....                               | 1,193,936 | 1,417,589 | 3,049,058 | 2,022,593 | 2,734,730 | 2,042,111 |
| Cuba.....  | 1,245,148 | 1,266,771 | 1,116,361 | 824,100   | 747,579   | 650,170   |
| Canada.....  | 480,646   | 1,004,795 | 715,204   | 879,911   | 556,669   | 629,233   |
| Other countries.....   | 200,672   | 124,473   | 114,704   | 162,483   | 114,876   | .....     |
| Total.....   | 5,007,057 | 5,859,948 | 6,951,521 | 6,033,011 | 5,708,223 | 4,812,368 |

<sup>1</sup> Not including Panama.

<sup>2</sup> Probably includes some binder twine erroneously reported as cordage.

|           | Mexico  | Cuba      | Total     |           | Mexico  | Cuba    | Total     |
|-----------|---------|-----------|-----------|-----------|---------|---------|-----------|
| 1922..... | 504,757 | 1,245,148 | 1,740,905 | 1925..... | 603,126 | 824,100 | 1,427,226 |
| 1923..... | 557,007 | 1,266,771 | 1,823,778 | 1926..... | 406,598 | 747,579 | 1,157,177 |
| 1924..... | 646,871 | 1,116,361 | 1,763,232 | 1927..... | 268,038 | 650,170 | 853,208   |

See body of brief, "11. Exports," for 1928 figures.

## EXHIBIT No. 4A

DEPARTMENT OF COMMERCE,  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,  
New York, April 22, 1929.CORDAGE INSTITUTE,  
New York, N. Y.

SIRS: Reference is made to your letter of January 15th to Mr. John Hohn, chief, division of statistics, Bureau of Foreign and Domestic Commerce, Washington, D. C., and your communications of March 29 and April 13, addressed to this office, questioning figures of exports of cordage during August and September to Argentina, Canada, and Uruguay.

We have just completed our investigation of the items you specifically mention in your correspondence and submit our findings below.

| August, 1928:                 | Pounds    |         |   |
|-------------------------------|-----------|---------|---|
| New York to Argentina.....    | 421       | \$58    | Correctly reported as sisal cordage under class 3415. Description reads "Sisal rope."   |
| New Orleans to Argentina..... | 1,780,000 | 181,438 | These shipments consist of sisal binder twine and should have been returned under class 3411, binder twine.   |
| September:                    |           |         |   |
| Vermont to Canada.....        | 779       | 103     | Tarred sisal lath yarn. <sup>1</sup>  |
| Buffalo to Canada.....        | 2,078     | 267     | Lath yarn. <sup>1</sup>   |
| Michigan to Canada.....       | 897,580   | 63,905  | Described as sisal and coded 3415 by shippers. However, as the shipments are for the account of an agricultural concern, we believe it can be assumed that they consisted of binder twine. We are verifying this by correspondence with the shippers. |
| New Orleans to Argentina..... | 225,000   | 22,500  | Sisal binder twine.   |
| Do.....                       | 800,000   | 80,000  | Do.   |

Cordage, except of cotton or jute:

3411—Binder twine.

3414—Manila cordage.

3415—Sisal or henequen.

3419—Other cordage.

As we had also received inquiries from other firms, the items listed below were investigated and found subject to correction as follows:

|   | Pounds  |          |  |
|---|---------|----------|--|
| September exports: Class 3414 (manila cordage), New Orleans to Argentina. | 400,000 | \$40,000 | Shipment consisted of sisal binder twine and should have been reported under 3411. |
| October exports: Class 3415 (sisal cordage), New Orleans to Argentina.    | 250,000 | 25,000   | Do.  |

The above errors are undoubtedly due to the fact that some of our less experienced classification clerks did not clearly understand the distinction between binder twine and cordage and so accepted codes which the statistical clerks at the various customs districts had inserted or codes which the shippers themselves had inserted on the declarations. We are taking the matter up with our clerks, and the offices and firms involved.

A similar type of error occurred in 1926. At that time we took steps to remedy the condition and I think there was a greater percentage of accuracy in the 1927 figures.

We note your statement "that the figures for the first 10 months, ending October, 1928, show nearly 5,000,000 pounds of sisal or henequen cordage exported, compared to 561,000 pounds during a similar period of 1927." If you would be good enough to check off on the reports inclosed, any totals for months prior to August which seem out of line to you, we should be glad to investigate them as soon as we get an opportunity.

Have you any data which you could supply for the information of this office giving details as to the uses of twine and cordage, the countries to which these items are regularly shipped (or countries to which shipments are unusual), price ranges, etc. We can, of course, with some work, "dig out" all of this information here, but we thought, since you represent the industry, you might have these details at hand.

Very truly yours,

L. J. MAHONEY,  
Chief, Section Customs Statistics.

<sup>1</sup> Under which of our schedules (given below) do you think these would be more?

DISTRICT OF COLUMBIA,  
City of Washington:

This day personally appeared before me J. S. McDaniel, to me known to be the person who executed the foregoing statement and who being duly sworn upon his oath deposes and says he is the properly constituted representative of the firms whose names are attached to the foregoing statement and that all statements made therein are fully subscribed to by the firms whose names are so attached; and that all statements made therein are true and correct to his best knowledge and belief.

Subscribed and sworn to before me this 12th day of July, 1929.

[SEAL.]

MARGUERITE H. COLLIÈRE,  
Notary Public, D. C.

My commission expires October 8, 1932.

#### SUPPLEMENTAL BRIEF OF THE CORDAGE INSTITUTE

*To the subcommittee considering Schedule 10 of H. R. 2667, Committee on Finance of the United States Senate:*

Pursuant to permission granted at the hearings on June 19, 1929, of your subcommittee considering paragraph 1005 of H. R. 2667, now pending before you, the undersigned, representing the entire domestic hard-fiber cordage industry of the United States, presents herewith for your consideration certain facts in relation to the testimony given before your committee.

The only one appearing in opposition to the cordage industry of the United States was an importer of cordage products who, in addition to representing his own importing company, the New York Cordage Co., stated that he represented the National Council of American Importers and Traders, New York City.

Based on an experience of more than 100 years as a necessary industry of the United States, the cordage industry desires to take definite exception to certain statements made by the witness for the importers and to emphasize facts in controversy thereof.

At a time when the welfare of the American farmer is naturally of vital interest to Congress the aforesaid witness, upon his own initiative, referred to cordage "used on the farms," pointing out that the duties sought by the domestic industry would affect the American farmer adversely to a large degree. On cross-examination the witness stated that 70 per cent of the production of cordage is used on the farm. At another point he used 60 per cent and later suggested it might be nearer 80 per cent.

Nothing could be further from the fact. The cordage industry of the United States is not in an experimental stage. Every man connected with the industry in America knows that only a small percentage of cordage is used on the farms, and, while actual figures in pounds are not as yet available in detail, there is every indication to warrant this statement that the cordage reaching the farm will not exceed 15 per cent of the production and probably be actually less than 10 per cent.

We desire to point out that there is a general misconception as to the term cordage, and many figures are used from time to time erroneously indicating cordage, which, as a matter of fact, include "binder twine." Of course the American farmer uses binder twine to a very large extent, but binder twine is not cordage.

Binder twine is on the free list. It has been on the free list for the benefit of the farmer. The cordage industry is not making any request with respect to binder twine, although the difference in cost of production at home and abroad would justify such a proposal. No proposals have been made to increase the tariff on binder twine, and in all calculations as to what the farmer uses in the way of cordage binder twine must be eliminated.

The Harvard Business School at the present time is making an exhaustive study of hard-fiber cordage manufactures and the distribution of cordage.

This independent organization, the Harvard Business School, with an enviable reputation, was requested to furnish an estimate of the cordage the farmer uses, and their estimate follows with the understanding that it is an estimate and must be accepted as such.

"Sixty-four per cent of the total poundage could not possibly go into farm uses. This 64 per cent includes:



"1. All direct users, except nurseries, greenhouses, and some miscellaneous direct users.

"2. All supply firms, including ship chandlers.

"3. Export sales.

"4. Foreign sales.

"5. All of New York City sales.

"Working from the other end, about 1½ per cent of total sales could be traced as probably going on farms. This 1½ per cent includes:

"1. Nurseries, greenhouses.

"2. Wholesale livery, harness, implements, and machinery.

"3. Wholesale general merchandise.

"4. Retail hardware.

"5. Retail implements and machinery.

"6. Retail livery and harness.

"7. Retail hay and grain.

"8. General stores.

"Therefore, farm uses could possibly account for between 1½ per cent and 36 per cent of total poundage. However, the following group of customers was not included in the 64 per cent estimate except for New York City territory:

"1. Manufacturers' agents.

"2. Twine and cordage jobbers.

"3. Wholesale paper.

"4. Wholesale lumber.

"5. Wholesale grocers.

"This group accounts for between 15 and 16 per cent of total poundage."

Analyzing the above we find (1) that 64 per cent could not possibly go to farms; (2) only 1½ per cent of total sales could be traced as probably going to farm use; (3) of the difference between the 64 per cent and the total (100 per cent) or 36 per cent, 16 per cent or the purchases of wholesale grocers, wholesale lumber, wholesale paper, cordage and twine (wrapping-twine jobbers handling paper and wrapping twine and cordage in small way), and manufacturers' agents, can not be considered as going to twines; (4) there remains the difference between 100 per cent less 1½ per cent (98½ per cent) and 64 per cent plus 16 per cent (80 per cent) or 18½ per cent, part of which might reach farm use; (5) this 18½ per cent is almost entirely the purchases of hardware jobbers who supply the farm-use trade (in addition to those included in the 1½ per cent) as well as the entire interior trade, such as contractors, inland rivers, industrial uses, etc.

We submit that the above is indicative of the justice of our estimate that not more than 15 per cent and probably considerably less than 10 per cent of the total production of cordage is consumed in farm use.

We desire to emphasize the peculiar character of the cordage industry. The public is led to believe that the cordage industry produces one article—cordage—but the truth is that cordage and wrapping twines vary so greatly in sizes and in quality and there are so many different kinds of cordage that the industry itself can be described as manufacturing innumerable products, all of them conveniently scheduled as cordage, twine, etc. In the manufacture of each one of these diversified products various processes are used and the amount of labor differs with almost every change in variety of size and quality.

It is manifest, therefore, that there always impends in the cordage industry the possible demoralization of certain market prices, even though the total competing foreign product be not large when compared to the total cordage production. It was this potential demoralizing effect to which the industry, as far back as 1921, pointed out to Congress in its request for relief at that time. The imports of foreign cordage at that time were approximately 1½ per cent, but the industry saw the possibility of disaster in increasing foreign production.

We have already pointed out in our brief that the imports have, as a matter of fact, increased 300 per cent since the tariff act of 1922. Aside from the immediate demoralizing effect of these rapidly increasing imports in an industry, the character of which we have described, there is the danger of additional increases which will probably be on even a greater ratio unless the tariff protection requested is granted by Congress. Imports in 1929, based on the first five months, will reach a total of over 16,000,000 pounds, or more than 12 per cent of total domestic production. In other words, if the imports are permitted to increase in the same ratio as for the past few years, the industry will suffer greatly; the total imports have become a significant proportion to the total production, as the figures shown in our brief indicate that production is declining while imports increase.

We earnestly submit that the protection asked for by the cordage industry of the United States, as represented in paragraph 1005 of the bill now before your committee, is actually a protection against an invading importation. It will not result in a prohibition of importation and the probable effect ultimately of such a protection at this time would tend rather to the decrease in the retail price of cordage than to an increase in the price of cordage. As a matter of fact, in order to stem the rising tide of importations, it has been necessary for domestic producers in some instances to sell at or below cost. The figures submitted to your committee speak for themselves with respect to declining domestic production. Naturally, such a decline in domestic production means the laying off of wage earners and the curtailment of factory activities. It has been found necessary under the circumstances to sell, in instances, at or below cost in order to combat the inevitable results of imports. It is the view of those in the industry that the tariff relief sought, at this time, will tend to increase only the price of the imported articles and that part of the domestic production which has been affected by the foreign importations. These two factors of the market situation having been handled through tariff relief, the tendency will be to stabilize the other market prices rather than to increase them. Any tendency to increase prices as a result of the tariff would be offset by a domestic competition. The fact that the prices may not be advanced may not be properly urged as an argument that tariff will therefore bring no relief. The fact is that the tariff is to take care of unfair market prices on imported products and to turn a tonnage rightfully American into American factories, in turn bringing greater employment, more wages, and a distinctly healthier condition in the industry.

The witness for the importers, appearing at the Senate hearings, laid great stress upon a contract by which rope was sold to the United States Government by an American manufacturer at a price which the importer testified was manifestly below the cost of the rope.

We submit that our opponent has thus given concrete evidence to the committee of a statement which we have repeatedly made that we have been forced at times to sell at or below cost to meet foreign competition, and instead of being an argument against the retention of paragraph 1005 as now in the bill before you, the fact that an American manufacturer had to sell his rope to his own Government at a loss of \$4,500 on one order in order to compete with the foreign company represented by the witness is an eloquent argument in favor of tariff relief sought by the cordage manufacturers.

The witness for the importers stated in the early part of his testimony "ever since there has been any tariff operating in this country there are certain things that have been classified as cordage, and they have always been assessed under paragraph 1005, or a paragraph which covered these same commodities." He was referring to cordage, wholly or in chief value of sunn or other bast fibers, or wholly or in chief value of hemp. The witness for the importers stated that "It is not an unimportant item; there is a considerable amount of it used in this country." At another point the witness for the importers stated: "We were importing about 50,000 pounds in a year, and I think there was that much more imported by others." And also, that the domestic production might run up to several hundred thousand pounds. In answer to a question from Senator George the witness for the importers stated that "None comes in now."

The facts, as shown by the United States Government statistics of imports, are as follows:

*Imports of cordage, 1928*

|   | Pounds   |
|---|----------|
| Sunn or other bast fiber except jute..... | 174, 386 |
| Hemp.....                                 | 151, 662 |

NOTE.—147,000 pounds of sunn or other bast fiber were imported from Belgium in 1928, and the witness testified that he manufactured in Belgium.

From the same source, imports January to April, inclusive, 1929, show 50,685 pounds of sunn or other bast fiber except jute (of which 40,852 pounds came from Belgium), and 81,758 pounds of hemp cordage, principally from Belgium, Italy, and United Kingdom. It might also be pointed out that the United States Customs Court, Second Division, on June 25, 1929, handed down a decision affecting importation by the New York Cordage Co. (the company represented by the witness) affecting the commodity which the witness states, "There are none to-day" in answer to a question from Senator Sackett, "What are the imports?"

We earnestly submit that for the first time to our knowledge in the history of one of the oldest industries in the United States, the witness for the importers, testifying at the Senate hearings, indicated that customers desired "those better-made foreign goods." Certainly many are surprised that any such claim should ever have been made. We assert that there is no basis for any intimation that the European products are in any way better than domestic manufacture.

The witness for the importers, appearing before the Senate committee, at one point, in reply to a question as to why his own company had moved to Belgium, left an inference which the members of the committee were not slow to notice. We believe that his subsequent answers to members of the committee are an adequate apology for the inference and we do not believe we need to discuss this matter here.

The witness for the importers made mention during the course of his testimony of the Philippine situation.

Our attitude with respect to this very important problem in American industry is very clear and is stated several times in our original briefs. We repeat here that the question of Philippine importations is one involving our national policy with respect to our possessions and other nations. It is a question which transcends the fortunes of any one group or any one industry. At the proper time we shall lend every effort within our power to arrive at a proper, just, and reasonable solution of the Philippine question upon its merits.

The witness for the importers in speaking of large exports in 1928 stated: "This table was explained and analyzed by domestic manufacturers by claiming that large amounts of certain items were improperly classified. They made this same claim in 1921 when confronted with similar figures at the tariff hearings then."

Such a claim was made in 1921; it was made to the House of Representatives in 1929, and is made now. It is justified by Exhibit 4A, in the brief filed with the committee, same being a letter from a United States Government department admitting large errors in the export figures.

On behalf of the cordage manufacturers of the United States, we desire to thank the members of the committee for the courtesy shown us at the hearing and rest our case upon the merits as herein and elsewhere set forth.

Submitted by—

J. S. McDANIEL,  
*Chairman, Cordage Institute.*

Representing: American Manufacturing Co., Brooklyn, N. Y.; California Thorn Cordage, Inc., Los Angeles, Calif.; Columbian Rope Co., Auburn, N. Y.; Cupples Co., Manufacturers, Inc., Brooklyn, N. Y.; Edwin H. Fidler Co., Philadelphia, Pa.; Hooven & Allison Co., Xenia, Ohio; R. A. Kelly Co., Xenia, Ohio; New Bedford Cordage Co., New Bedford, Mass.; Peoria Cordage Co., Peoria, Ill.; Plymouth Cordage Co., North Plymouth, Mass.; Portland Cordage Co., Portland, Oreg.; Portland Cordage Co., Seattle, Wash.; John Rauschenberger Co., Milwaukee, Wis.; Rinek Cordage Co., Easton, Pa.; E. T. Rugg Co., Newark, Ohio; St. Louis Cordage Mills, St. Louis, Mo.; Tubbs Cordage Co., San Francisco, Calif.; Wall Rope Works, Inc., Beverly, N. J.; Waterbury Co., New York, N. Y.; Western Cordage Co., Orange, Calif.; Whitlock Cordage Co., Jersey City, N. J.

On this 15th day of July, 1929, before me personally came and appeared J. S. McDaniel to me known and known to me to be the person who executed the foregoing instruments who being duly sworn did depose and say that he is the duly authorized representative of the cordage manufacturers named in the above instrument and that the said manufacturers subscribe to all statements made in the said instrument and that the facts related therein are to his best knowledge and belief true and correct.

[SEAL]

MARGURITE M. HEATH,  
*Notary Public.*

Commission expires, March 30, 1931.

**TRANSMISSION ROPES**

[Par. 1005 (a)]

**SUPPLEMENTAL BRIEF OF WM. L. ROCHESTER, REPRESENTING THE NEW YORK CORDAGE CO. AND THE CORDAGE GROUP (NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADES (INC.), NEW YORK CITY**

In reading over the report of H. R. Bill 2667, I find under paragraph 913 a classification for belts, belting, and ropes for the transmission of power, wholly or in chief value of cotton, 30 per cent ad valorem.

There are certain ropes made of manila and hemp which have always been classified under 1005, which might now be classified under 913 which covers cotton belting etc. For that reason I urge the committee to add the words "and transmission ropes" to proposed paragraph 1005 after word "untarred." The first line of 1005 will then read as follows: "(a) Cordage, including cables, tarred or untarred, and transmission ropes etc."

There is no difference in quality, workmanship, or construction between ordinary 4-strand manila rope, and transmission rope, therefore, there should be no difference in duty. In some cases there is a difference in lubricant content, as some transmission rope is lubricated with graphite. Otherwise the two are identical.

Unless the words "transmission ropes" are added to 1005 it will almost certainly necessitate customs litigation to settle the issue, as it might be claimed that 913 is more specific than 1005 for this specific item. The examiner will have to rely largely upon the word of the importer as to whether an item is transmission rope or just rope and I appeal to you to avoid this confusion by inserting the specific name of the item in the paragraph.

Respectfully,

WILLIAM L. ROCHESTER.

WASHINGTON, D. C.

William L. Rochester, being duly sworn says that he resides at Manhasset, N. Y., and is by occupation a member of firm of the New York Cordage Co. That he is a native-born citizen, of the United States 40 years of age.

Deponent further says that the attached memorandum is a supplemental brief submitted to the Finance Committee of the United States Senate; that same is a true statement made to induce the United States Senate to modify a certain paragraph of the H. R. 2667.

Sworn to before me this 19th day of July, 1929.

[SEAL.]

FRED R. MILLER,  
*Notary Public.***LINENS**

[Pars. 1009, 1011, 1013, 1014, and 1016]

**BRIEF OF THE WHOLESALE DRY GOODS INSTITUTE,  
NEW YORK CITY**

[Including par. 1530]

This statement is filed by the Wholesale Dry Goods Institute (Inc.), 40 Worth Street, New York City, an organization representing dry goods wholesalers in the United States handling linen goods and other commodities. The primary purpose of this statement is to place the Wholesale Dry Goods Institute on record as advocating a protective principle where protection is needed, but as opposing prohibitive tariff rates and measures when the chief results would be unfair discrimination and a resultant retaliation by foreign countries. Thus, American industry and trade can expect only hurt, rather than help, if tariff protection is not kept within strict bounds of necessity.

*General.*—Flax, which is the source of linen, is one of the oldest of all vegetable fibers. Quoting the United States Tariff Commission, Summary of Tariff Information, 1929, Schedule 10, flax, hemp, jute and manufacturers of, "A demand for flax persists because of its inherent beauty, strength and durability,

which enabled it to survive repeated handling and washing with less loss of its sheen, and hard surface and without napping."

Some of the principal uses of linen are for table and bed linen, towels, dress goods, handkerchiefs, thread, fish lines, fish nets, water hose, etc.

This country, for many reasons, is almost entirely dependent upon foreign sources for its supplies of flax and linen.

An official view of the actual situation governing American flax and linen supplies, is this: "Two outstanding factors combine to restrict the domestic cultivation of flax for fiber. The first is that the methods essential to the production of fiber suitable for uses other than the manufacture of very coarse yarns and fibers involve an excessively large amount of skilled, yet tedious and frequently unpleasant hand labor. Since the domestic cultivation of other agricultural crops permits of large-scale farming and the liberal use of labor-saving machinery, besides requiring but a relatively small amount of trained hand labor, the flax crop when grown for fiber is at a decided disadvantage in competing with other crops for the land and attention of the American farmer," quoting United States Tariff Commission, Summary of Tariff Information, 1929, Schedule 10, flax, hemp, jute, and manufactures of.

Spokesmen for American agriculture have admitted before your committee that the achievement of a domestic flax production to meet the demand would be a "10-year process," even if it were seriously undertaken.

Thus, it is obvious that this country must depend upon foreign sources for its supplies of flax and linen

*Par. 1009. Crashes, paddings, etc.*—The majority of fabrics covered by this paragraph are wholly or in chief value of flax. Leading types of these flax fabrics are those used for dresses and summer suits, embroidery linens and household linens such as sheetings, pillow linens, glass cloth and huck and crash toweling.

The provision of the 1922 law is as follows:

"**PAR. 1009.** Woven fabrics, not including articles finished or unfinished, of flax, hemp, or ramie, or of which these substances or any of them is the component material of chief value (except such as are commonly used as paddings or interlinings in clothing), exceeding 30 and not exceeding 100 threads to the square inch, counting the warp and filling, weighing not less than 4½ and not more than 12 ounces per square yard, and exceeding 12 inches but not exceeding 24 inches in width, 55 per centum ad valorem.

"Woven fabrics, such as are commonly used for paddings or interlinings in clothing, composed wholly or in chief value of flax, or hemp, or of which these substances or either of them is the component material of chief value, exceeding 30 and not exceeding 110 threads to the square inch, counting the warp and filling, and weighing not less than 4½ and not more than 12 ounces per square yard, 55 per centum ad valorem; composed wholly or in chief value of jute, exceeding 30 threads to the square inch, counting the warp and filling, and weighing not less than 4½ ounces and not more than 12 ounces per square yard, 50 per centum ad valorem."

Changes in this provision contained in the House tariff bill of 1929 are: (1) Reduction of the weight of such fabrics from 4½ to 4 ounces per square yard; (2) increasing the requirements of threads from 24 to 36 inches in width; (3) increasing the requirement of woven fabrics from 10 to 20 threads to the square inch; and (4) adding new phrase (b) (c) woven fabrics, in the piece or otherwise, wholly or in chief value of vegetable fiber, except cotton, filled, coated, or otherwise prepared for use as artists' canvass, 55 per cent ad valorem.

The effect of these changes is to impose an unnecessary burden upon the consumer. Among other things, this paragraph covers fine towelings and embroidery linens made of fine yarns for which there are no substitutes of any kind made in the United States. It therefore is obvious that the increased protection bestowed by the changes is an empty gesture when there is no comparable or competitive domestic product to protect.

Practical trade comments from our members are to the effect that the weight of 4 ounces to the square yard, if proposed, would require the manufacture of linen goods so light as to have no commercial value, and this, therefore, is both unwarranted and impracticable.

Plain linen goods weighing less than 4½ ounces under the present law carry a duty of 35 per cent. The proposed reduction in weight is unnecessary and mainly attempts to protect materials not made in this country. The automatic effect of the proposed changes will be the imposition of a 55 per cent duty upon a wide variety of linens not produced here and necessarily obtained abroad.

We respectfully protest such proposed changes and urge the continuation of the present provision of law and rate of duty of 35 per cent ad valorem.

*Par. 1011. Fine plain-woven linens.*—The light-weight plain-woven fabrics, practically all linens, dutiable under paragraph 1011, "are made of yarns finer in count than any spun in the United States. They are mainly linen cambrics and sheers, primarily for use in the manufacture of handkerchiefs, but include fine linens for use in making other articles, such as shirts, blouses, waists, underwear, sheets and pillowcases," quoting the United States Tariff Commission, Summary of Tariff Information, 1929, Schedule 10, flax, hemp, jute, and manufactures of.

The Tariff Commission reports, and we repeat, that there is no domestic production of fine linens weighing less than  $4\frac{1}{2}$  ounces per square yard.

The present provision of the law, paragraph 1011, is as follows:

"PAR. 1011. Plain woven fabrics, not including articles finished or unfinished, of flax, hemp, ramie, or other vegetable fiber, except cotton, weighing less than  $4\frac{1}{2}$  ounces per square yard, 35 per cent ad valorem."

The change proposed in this paragraph by the House tariff bill of 1929 is to reduce the weight of such fabrics from  $4\frac{1}{2}$  to 4 ounces per square yard to obtain the benefit of a rate of duty of 35 per cent ad valorem.

It is again respectfully submitted that linen cloth of such lightness is of no commercial value. The proposed change, therefore, again attempts to afford protection on linen goods which are not manufactured in the United States, and the enactment of such proposed change would result only in an unnecessary burden upon the consumer.

The proposed automatic increase in duty on such goods from 35 to 55 per cent ad valorem is vigorously protested, and it is urged that the present provision and rate of the law be maintained without change.

*Par. 1013. Linen, table damask, and manufactures.*—This paragraph principally covers imported linen damask napkins and table linen. Damask is a woven-fabric distinguished by the appearance of the design on the smooth surface without the necessity of any contrast in colors. Linen table damask is usually made of coarse or medium yarns.

Domestic production of all-linen table damask is negligible, according to the United States Tariff Commission, Summary of Tariff Information, 1929, Schedule 10, flax, hemp, jute, and manufactures of. Supplies of such linens, therefore, necessarily must be obtained from foreign sources.

The present provision of the law, paragraph 1013, tariff act of 1922, is as follows:

"PAR. 1013. Table damask composed wholly or in chief value of vegetable fiber other than cotton, and manufactures composed wholly or in chief value of such damask, 40 per centum ad valorem."

Changes proposed by the House tariff bill, 1929, are: (1) Elimination of "other than" and substitution of "except" as to use of cotton in such cloth; (2) elimination of the word "composed" in description of goods; (3) addition of words "all articles finished or unfinished, made or cut from," instead of "manufactures composed wholly or in chief value of," in description of goods; and (4) increase from 40 to 45 per cent ad valorem in rate.

These changes, particularly the increase in duty, are unfair and unjustified. Linen damasks are not manufactured in this country. Further, imports of such linen are so small as to be negligible, and prices of the foreign linen damask are nearly twice those of the domestic cotton damask. It, therefore, is obvious that no real competition exists between a wholly different foreign and domestic goods. The small volume of imported damasks can not be considered competitive with cotton cloth. Experiments seeking a production of domestic linen damask have been unsuccessful and foreign sources necessarily must supply such goods.

We wish to emphasize the fact that no linen damasks under this provision of the law are produced in the United States and that, therefore, such proposed changes in requirements and rate are both unnecessary and needlessly discriminatory. Such proposed increase in rate can only impose an additional and unnecessary burden upon the consumer.

We, therefore, respectfully recommend that the rate under paragraph 1013 be reduced to 30 per cent ad valorem to remove the present unfair discrimination against necessary imports of such linen goods.

*Par. 1014. Linen towels, napkins, sheets, and pillowcases.*—All of the linen necessary for linen towels, napkins, sheets and pillowcases, covered by this paragraph, must be imported.

Some domestic firms manufacture huck towels of flax and cotton, flax constituting the component material of chief value. The production of towels made entirely

of flax is small. Imported cloth is used in all the linen sheets and pillowcases manufactured in the United States, according to the United States Tariff Commission, Summary of Tariff Information, 1929, Schedule 10. Flax, Hemp, Jute and Manufactures of.

The present provision of the law, paragraph 1014, tariff act of 1922, is as follows:

"PAR. 1014. Towels and napkins, finished or unfinished, composed wholly or in chief value of flax, hemp, or ramie, or of which these substances are, or any of them is, the component material of chief value, not exceeding one hundred and twenty threads to the square inch, counting the warp and filling, 55 per centum ad valorem; exceeding one hundred and twenty threads to the square inch, counting the warp and filling, 40 per centum ad valorem; sheets and pillowcases, composed wholly or in chief value of flax, hemp, or ramie, or of which these substances are, or any of them is, the component material of chief value, 40 per centum ad valorem."

We respectfully contend that such proposed changes are unnecessary and that the present provision of the law be retained without change.

*Par. 1016.—Plain linen handkerchiefs.*—All of the handkerchief linen used and manufactured into handkerchiefs in this country is imported as there is no domestic production of fine linens weighing less than 4½ ounces per square yard, according to the United States Tariff Commission, Summary of Tariff Information, 1929, Schedule 10, Flax, Hemp, Jute and Manufactures of.

The present provision of the law, paragraph 1016, is as follows:

"PAR. 1016. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, finished or unfinished, not hemmed, 35 per centum ad valorem; hemmed or hemstitched, or unfinished having drawn threads, 45 per centum ad valorem."

Changes proposed by the House tariff bill, 1929, are as follows: (1) Elimination of word "composed" in description of fabric; (2) elimination of "other than" and substitution of "except" in use of cotton; and (3) increase from 45 to 50 per cent ad valorem in rate of duty.

These proposed changes, particularly the increase in rate, are wholly unjustified. A lower rate of duty, rather than a higher rate as proposed, is proper to prevent an increase in price and the passing of an additional and unnecessary burden to the consumer.

*Par. 1530 (b). Handkerchiefs and mufflers.*—We wish to call the attention of your committee to a new provision affecting handkerchiefs and mufflers, wholly or in part of lace, and embroidered. This provision is as follows:

"(b) Handkerchiefs and mufflers, wholly or in part of lace, and handkerchiefs and mufflers embroidered (whether with a plain or fancy initial, monogram, or otherwise, and whether or not the embroidery is on a scalloped edge), tamboured, appliquéd, or from which threads have been omitted, drawn, punched, or cut, and with threads introduced after weaving to finish or ornament the openwork, not including one row of straight hemstitching adjoining the hem; all the foregoing, finished or unfinished, of whatever material composed, 4 cents each and 40 per centum ad valorem."

This proposed provision is both discriminatory and unnecessary and is practically prohibitive against all imports of such goods.

*Objections to new valuation basis.*—There are many practical objections to the proposed revision of section 402, providing that if neither foreign value nor export value can be satisfactorily ascertained, the "United States value" shall be made the basis for assessment of duty. Under the definition of "United States value" in (2) of the proposed section, assessment of duty is permitted on an "estimated value" based on the price at which similar merchandise is offered for sale, and permits a deduction for duty on a similar imported article but not on a domestic article.

One principal objection to this proposed basis of value is that the duty value basis may be highly uncertain. Advance calculation of approximate prices by a wholesale merchant is possible only if all costs are known. The duty is part of the actual cost which the wholesale merchant must consider in selling his merchandise. Under this proposed provision (with the goods held dutiable at the United States value, at the time of importation), the wholesaler would be placed at a serious disadvantage in contracting to sell goods before importation.

As a matter of practice, the wholesale merchant buys in advance for many retail merchants. The wholesaler judges both prices and quantities in advance, that is, he orders goods priced at certain specified levels in the quantities which he believes will be acceptable at those prices. If the wholesaler is unable to determine in advance what price he will find it necessary to ask for specified lines of merchan-

dise, he also is unable to determine what quantities should be obtained, and, under (e) the wholesaler can not make accurate or approximately accurate determinations of price. The net result of this uncertainty inevitably would be to discourage or to eliminate importations entirely.

It is respectfully contended that if it is not the intention of Congress to wholly eliminate the importation of those products affected by (e) of section 402, the most critical consideration of the proposed provision is warranted before any legislative action is taken. Any action by Congress under this section should be taken with the realization that the rate of duty on any particular product affected by this paragraph might well be a reasonable one, while the basis of value might easily be prohibitive.

*Conclusion.*—The Wholesale Dry Goods Institute vigorously opposes all proposed changes affecting linens on the ground that they are unfair and unwarranted. We therefore respectfully request that all such provisions of the law be retained unchanged.

Respectfully submitted.

WHOLESALE DRYGOODS INSTITUTE,  
By WILLIAM GIRDNER, *Secretary.*

## COCOA MATS AND MATTING

[Par. 1022]

### BRIEF OF GEORGE H. MAUS (INC.), AMSTERDAM, N. Y.

Hon. REED SMOOT,

*Chairman, Senate Finance Committee, Washington, D. C.*

This brief is filed to protest against an increase in the rate of duty on cocoa mats and matting as provided for in paragraph 1022, tariff bill recently passed by the House of Representatives.

The materials entering in these items are not grown or produced in America. No other firm, so far as we can determine, is manufacturing these mats in this country outside of the Heywood-Wakefield Co., Wakefield, Mass.

Cocoa mats are now dutiable at 6 cents per square foot and cocoa matting at 8 cents per square yard. As long as the above-mentioned firm was not manufacturing cocoa mats, they remained silent on the tariff question. However, as they are now manufacturing them, of course they have to have a duty of 8 cents per square foot instead of 6 cents on the cocoa mats and 10 cents per square yard on cocoa matting instead of 8 cents per square yard.

Certain arguments have been advanced to show that an increase in the duty is necessary to protect American interests, but the principal incentive back of all the testimony is to shut out foreign competition and then our dear, buying public will as usual pay this increase on every mat they buy that is manufactured in this country.

In the meantime our Government loses the existing 6 cents duty on mats and 8 cents duty on matting because the proposed increase, if granted, will shut out all foreign shipments.

We respectfully petition that there be no change in the rate of duty on these two articles.

Respectfully submitted.

GEORGE H. MAUS (INC.),  
By C. A. PLATT, *Treasurer.*





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