

# 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 XIII

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SCHEDULE 13  
RAYON MANUFACTURES  
JULY 8 AND 9, 1929

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I N D E X E D

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## COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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### SUBCOMMITTEE OF THE COMMITTEE ON FINANCE

SCHEDULE 13—RAYON MANUFACTURES

FREDERIC M. SACKETT, Kentucky, *Chairman*

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HIRAM BINGHAM, Connecticut.	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 practicable in the numerical order of the House bill, which has made necessary the abandoning of the sequence of the statements and the order of appearance.

ISAAC M. STEWART, *Clerk.*



# TARIFF ACT OF 1929

## SCHEDULE 13—RAYON MANUFACTURES

MONDAY, JULY 8, 1929

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

The subcommittee met at 9.30 o'clock a. m., in room 301, Senate Office Building, Hon. Frederic M. Sackett (chairman of the subcommittee) presiding.

Senator SACKETT. We will hear witnesses first to-day on the rayon schedule. All witnesses will be put under oath, and those that have testified before the House Committee on Ways and Means will be asked not to duplicate any matter, because we have all of the hearings that were held before the House committee before us, and the members of this committee are familiar with those hearings.

### GENERAL STATEMENTS

#### STATEMENT OF FRANK WALDO, NEW YORK CITY, REPRESENTING RAYON YARN IMPORTERS

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

Mr. WALDO. I am treasurer of the Stevens Yarn Co., New York City.

Senator SACKETT. Are you a manufacturer?

Mr. WALDO. No, sir; solely sales agent and representing manufacturers. We import only from one source.

I am presenting this on behalf of a group of importers. I can give you the names right now, if you would like to have them.

Senator SACKETT. Yes, please do so.

Mr. WALDO. Asiam (Inc.), Ivan B. Dahl (Inc.), Irving Horowitz, A. S. Neuburger, and Stevens Yarn Co. (Inc.).

Senator SACKETT. Those are all American firms?

Mr. WALDO. Yes; importing foreign rayon.

Senator GEORGE. Do they all import from one source?

Mr. WALDO. No; they all have their own sources, but some of them have two or three sources of supply.

Senator GEORGE. You mentioned the Stevens Co.?

Mr. WALDO. They import only from Holland.

Senator SACKETT. You are speaking to paragraph 1301?

Mr. WALDO. And 1302, 1303, 1304, 1305, and 1313.

Senator SACKETT. You do not like any of those?

Mr. WALDO. We do not like any of them.

Senator BINGHAM. Do you know of any importers who do like any of them?

Mr. WALDO. I don't know any that could under the present circumstances. It is very difficult.

Senator SACKETT. What do you want to accomplish?

Mr. WALDO. The elimination of the specific rates and the establishment of fair rates of duty determined after an examination of costs of production on the two sides of the water. In other words, our belief is that the prices in America have borne practically no relation to the cost of production, that they have been exceedingly high, and that the profits have made possible the payments of terrific dividends to foreign stockholders at our rate of duty.

Senator SACKETT. Of course, you just heard the witness state that after the hearing before the House committee there was a reduction in price the next day?

Mr. WALDO. Yes, sir.

Senator SACKETT. Do you think after this hearing there will be another reduction in price?

Mr. WALDO. I hope not, because I know we will be absolutely unable to continue.

Senator SACKETT. Of course, the consumer would be benefited on that basis if we held hearings right along.

Mr. WALDO. Yes, sir. We have tried to work out a presentation of the question in very complete form. We have drawn up a brief which has been given to each of the Senators, and we have tried to treat the matter as fairly as we can as an economic question. We tried to get away from the partisan point of view, though, of course, we come before you as a group of importers and our interests are in the direction of as low a rate of duty as possible. But we do not ask for a rate of duty which is inequitable and uneconomic.

In presenting our views on the rates of duty on rayon the importers in whose behalf I have the honor to submit the accompanying brief want to have it thoroughly understood that they subscribe fully to the American principle of tariff protection which we interpret as "protection to American capital and labor."

The maximum rates requested by us, most important of which is "35 per cent on rayon yarns, singles, by whatever name known and by whatever process made, without specific duty," will be found on analysis of true facts and conditions, to give all the protection needed by the industry in this country.

We desire also to make clear the earnestness and sincerity with which we have studied the subject, prepared our brief and now come before you, asking your aid in securing relief from the proposed rates of duty on rayon yarns and allied products.

We believe your consideration and weighing of the facts and requests in our brief will be advanced by a preliminary outline of some salient conditions:

First. Rayon is no longer an infant industry in this country and can not ask protection on that ground. It is full grown and very powerful. One company alone produces about 20 per cent of all

rayon made in the entire world, and the United States accounts for practically one-third of total world output.

Second. The cost of manufacturing rayon yarns in this country presents no important item needing protection which differs from the protection needed in our great American industry of cotton spinning. Yet cotton yarn and rayon yarn of one equivalent size are given full protection in the proposed bill, respectively, as follows: 36s combed cotton yarn, 20.8 per cent ad valorem which is conceded to be adequate; 150 denier rayon yarn, 45 per cent ad valorem, but not less than 45 cents a pound, which at current prices recently established by the American manufacturers amounts to over 70 per cent ad valorem.

We maintain that this condition is unsound, monopolistic, and violates our country's principles of tariff protection.

Third. The protection given rayon yarns in the present law and increased in the proposed bill is basically uneconomic for the following reasons:

The capital invested in the American companies is largely foreign, and the minimum protection of 45 cents per pound has made possible benefits to foreign stockholders of over 42½ cents per pound on over 50 per cent of all of the rayon yarns made in this country. We contend that such protection has nothing to do with American capital or labor and therefore is unjustified.

Senator BINGHAM. How do you account for the fact that the American investor and American stockholder has been so stupid as to let the foreign investor make 40 cents while he was sitting idle?

Mr. WALDO. It is difficult to say that. We can simply go by the record of accomplishment. The industry in this country was established by foreign capital.

Senator BINGHAM. They have a monopoly on it so that the American industry has no chance?

Mr. WALDO. I would not say that they have a monopoly, but it is producing over 50 per cent of the total amount produced in this country. Perhaps some would call that a monopoly. I would say that it is a dominating influence.

Senator BINGHAM. If it is so profitable a business why haven't a number of bankers and their clients formed some American companies?

Mr. WALDO. It is a very technical process, too.

Senator BINGHAM. It is a little too technical for the bankers, is it?

Mr. WALDO. The labor employed in making the rayon yarns, 30,000 to 35,000 persons, does not participate in or need the overprotection accorded these manufacturers, as the tremendous profits do not go to labor.

On the other hand, the textile trades consume over 80 per cent of the rayon produced in this country and employ over 1,000,000 workers.

The vast weaving industry in our country, both North and South, has not been in healthy condition for several years. Rayon yarn is one of their most important raw materials. The rates of duty under discussion are a discrimination against the vast body of labor in this field, without benefiting the labor employed in making the

yarns. This is even more striking when we return to comparison of the rates of duty on cotton and rayon yarns.

While nominally for the protection of American capital and labor the present tariff rates have worked in just the opposite direction. Our country has received in total duties on imported rayon yarns, etc.—that takes in artificial horsehair, etc.—only about 23 cents for each one dollar of benefits to foreign stockholders in one American rayon producing company. This dollar comes out of the ultimate consumer in this country.

Senator BINGHAM. What you are really doing is bringing an indictment against the intelligence of the American investor, is it not?

Mr. WALDO. It is not my purpose to do that. I am trying to analyze conditions as they exist.

Fourth. The ability of foreign manufacturers to compete in this market has not been due to abnormally lower costs of manufacture abroad, but has been possible because of the fantastic profits made by the American producers. Even in spite of this fact, imports from 1922 to 1928, inclusive, at no time exceeded 16 per cent of domestic production, and for that period averaged less than 11 per cent of total consumption. If the price cuts that have been taking place continue—and I believe they have the margin of profits that will stand further price cuts—it will be impossible to import.

Senator BINGHAM. Then you do not agree with the representative of the silk association, Mr. Hill, who said that if we do not do something additional they will have to go out of business?

Mr. WALDO. He is talking of taking the yarn from the state in which we sell it and carrying it through a process of manufacture to a converted state. In other words, when the rayon yarn is produced by the rayon manufacturer, in the normal operation there are from two and a half to three or four, and sometimes five or six, turns per inch put into the yarns. That is the normal process. And from that point on, for specific uses, specialized constructions of cloth, there are a greater number of turns per inch, running up, I believe, to about 55 turns per inch; and that is considered as a special process of manufacture after the yarn has been completed by the rayon producer.

Senator BINGHAM. Then you have no objection to his getting the specific he asked for?

Mr. WALDO. A very strong objection, sir, because in our plea we ask for rates of duty higher on the twisted yarns but nowhere near the rates requested by the witness of whom you are speaking.

Senator BINGHAM. What have you to say about the difference in cost between twisting here and abroad?

Mr. WALDO. I am not sufficiently informed to give information on that for the reason that I am an importer and merchandiser and do not get back to the basic production.

Senator BINGHAM. If you haven't any information on that subject, why don't you take his figures?

Mr. WALDO. Our rate of duty on the twisted yarns requested in our schedule—you see, I am representing others who import those yarns. Personally we have nothing to do with the twisted yarns, but some of the other importers whom I am representing in the brief do import them.



I am now reading from our request. It is:

Rayon yarns, singles, by whatever name known and by whatever process made—and the purpose is to include acetate rayon yarns under the specific rate of duty—35 per cent ad valorem; no specific duty; rayon yarns, singles, twisted 11 turns per inch but not exceeding 32 turns per inch, 45 per cent ad valorem; twisted more than 32 turns per inch, 50 per cent ad valorem.

Senator BINGHAM. It was brought out in his testimony that that amount of ad valorem would only give an additional protection of about 18 cents a pound, whereas the additional cost is more nearly 75 cents per pound, according to the testimony of the manufacturer.

Mr. WALDO. I am not qualified to discuss that because we have nothing to do with the twisting of rayon yarn; that is, my own house and my own personal experience has nothing to do with the twisting of rayon yarn.

Senator BINGHAM. You are just opposing it on general principles?

Mr. WALDO. No; I am including that as representing some of the other importers who are interested in those yarns. We tried to save the time of the committee by submitting a joint brief and making it as comprehensive as possible.

Fifth. We believe there is an economic position in our country for a reasonable amount of imported merchandise and also believe that it is not our national policy to exclude foreign merchandise specially from debtor nations through monopolistic rates of duty. However, unless we are granted relief from the present rates the effect soon will be total exclusion of foreign-made rayons.

It has long been our belief that tariff making in our country is increasingly on a basis of sound economic principles, and that failure to adhere to those principles has been due to lack of full understanding of the situation.

Therefore, in our brief we have undertaken to give adequate presentation of the subject so as to aid to the fullest extent the members of this committee in studying the sound economic position of rayon yarns and allied products.

Our brief contains much information which we desire to lay before your committee in full detail, but as it would require about an hour to read, we hesitate to take so much of your time, unless it is your wish that we read the complete story at this time.

In filing our brief it is with the earnest request that it be carefully studied and that all the facts and conditions therein set forth be weighed in support of our requests for lower rates of duty on rayon.

Senator BINGHAM. Is your brief sworn to as an affidavit?

Mr. WALDO. To the best of my knowledge and belief, sir.

Senator BINGHAM. Do you mean that it is or that it is not?

Mr. WALDO. It is sworn to. I swear to it as a true statement, to the best of my knowledge and belief.

Senator BINGHAM. In your belief do you discuss the cost of production of rayons here and abroad?

Mr. WALDO. No, sir; not in detail. I haven't the information on that. The textbook Mr. Roscott had gave some standard reference costs. I don't know whether that was filed with the committee or not. But we simply speak of labor. We give the analysis of labor as about 50 per cent of the cost of producing rayon. And Mr.

Hawley, in presenting the bill to the House, cited the difference between foreign labor and American labor as 40 per cent. Therefore, we have taken 40 per cent of 50 per cent, giving us 20 per cent as adequate cover for labor, and requested our rate of duty to be 35 per cent ad valorem, as being adequate for the full difference in costs between foreign production and domestic production.

Senator SACKETT. You stated something in regard to the tremendous profits of foreign manufacturers of rayon in this country. That is in the yarns?

Mr. WALDO. Yes; in the yarns.

Senator SACKETT. In the making of the yarns?

Mr. WALDO. Yes.

Senator SACKETT. Do you know what the amount of the domestic production of the yarn in this country is in pounds?

Mr. WALDO. I have the tables in here. I believe it is 134,000,000 pounds this year, an increase from 101,000,000 pounds.

Senator SACKETT. And the imported 15,000,000?

Mr. WALDO. It was 12,000,000 last year, 16,000,000 the year before. I don't know the figures for this year. There was a temporary increase in April and May, I think it was, due to the strike condition in the South when foreign yarns had to be brought over, as described previously.

Senator SACKETT. Can you give us the selling price of foreign yarns as compared with the domestic selling price today?

Mr. WALDO. No. I can simply tell you how we figure our prices. Some of the numbers we can not compete on at all. For instance, we had some 300 denier, very satisfactory to our customers, which we were obliged to send back because we could not get a new dollar for an old dollar. We could not realize cost price, paying the specific duty of 45 cents per pound. We are able in 150's, regular yarn—that means the smaller number of filaments—to about equal the American selling price at this time. But that, with one exception, is not taking into consideration the 5 per cent discount given for quantity purchased, by the American producers.

Senator SACKETT. You heard Mr. Roscott say he was selling at \$2.35 as against the American \$2.45?

Mr. WALDO. I think that had to do with the acetate rayons, which sell at a higher scale than the viscose or other processes.

Senator SACKETT. The rest of your story is in the brief.

Mr. WALDO. It is in the brief, which I will file.

(Mr. Waldo submitted the following brief:)

#### BRIEF OF RAYON YARN IMPORTERS

##### SENATE FINANCE COMMITTEE.

GENTLEMEN: We beg to submit in Part I hereof an outline of the history and development of rayon and the rayon industry; and in Part II hereof, an exposition of the grounds upon which we respectfully urge that the duty on rayon yarns be revised to conform to present-day conditions.

#### PART I

##### ORIGIN AND DEVELOPMENT OF RAYON INDUSTRY

Until the invention of rayon, man had to depend entirely on nature to supply the various kinds of fibers which serve as raw materials in textile production.

These fibers are of two general classes—vegetable and animal. Cotton and flax have been the chief contributors among plant fibers, while wool and silk have led all other animal fibers. The fine, lustrous quality of silk has always made it a specially prized fiber for use in textiles, and it was the attempt to duplicate these fibers that led to the discovery of the new and entirely different fiber, rayon. The basic element in rayon, as in all vegetable fibers, is cellulose.

The invention of rayon was not an accident but is a tribute to planned, scientific research. Progress was made over a period of years before 1883, when synthetic fibers were made by squeezing a mixture of wood and cotton pulp through minute openings. In 1884, patents were taken out by Chardonnet, of France, which were the basis of the first synthetic fiber to be commercially successful.

#### HOW RAYON IS MADE

The raw material from which rayon is made is a high-grade plant cellulose in the form of wood pulp or cotton linters, the latter being the name applied to the short cotton fibers left clinging to the seeds after ginning. It is estimated that between 80 and 90 per cent of the world's production of rayon is from a wood pulp base, mainly spruce but sometimes pine. In rayon manufacture the cellulose base is treated chemically to form a viscous solution. The solution is then forced through very minute apertures, corresponding to the spinnerets of the silkworm, to form filaments that are hardened either by evaporation of the solvent or by a special chemical bath. The filaments are then twisted together to form rayon yarn. This twisting is called spinning.

Four distinct processes are now used in the manufacture of rayon, designated as the nitrocellulose, cuprammonium, viscose, and cellulose acetate. The basic differences among these processes relate to the solvents and methods used in converting cellulose to liquid form. The finished yarn from each process is "rayon" and is a raw material used for knitting and weaving.

#### THE NITROCELLULOSE OR CHARDONNET PROCESS

This is the oldest process of rayon manufacture now in use, having been originated by Chardonnet, but only about 3 per cent of the world's output of rayon in 1927 was produced by this process. (Artificial Silk Handbook, 3d ed.). In the United States, for the same year, about 10 per cent of the rayon output was produced by this process.

In the nitro-cellulose process, cotton linters is generally used as a base. The cellulose base is nitrated by a mixture of nitric and sulphuric acids, forming nitro-cellulose or gun cotton, as it is popularly known. This product is then dissolved in an alcohol-ether mixture, forming a viscous liquid known as collodion, which is the spinning solution. On being forced through minute openings called spinnerets, it emerges in filament form. A current of warm air causes the volatile content to evaporate, thus hardening the filament. A desired number of filaments is gathered together to form a thread of the proper size, which is wound to cakes, bobbins, or tubes as fast as produced. Sodium hydrosulphide is the chemical most extensively used at this stage for denitrating and reconverting the thread to pure cellulose.

#### THE CUPRAMMONIUM PROCESS

In the cuprammonium process the solvent consists of an ammoniacal copper oxide solution. Cotton linters ordinarily provides the cellulose base. Wood pulp may also be used but the results are less satisfactory. After the cotton has been purified by a caustic-soda solution and bleached, it is mixed with the solvent to form the spinning solution. The processes of spinning follow lines closely similar to those described above for the nitrocellulose process. There is the distinction, however, that the filaments, on emerging from the minute orifices or spinnerets, do not naturally coagulate and must be passed through a sulphuric-acid bath for this purpose. It is estimated that 6 per cent of the world's production of rayon in 1927 was produced by this process (Artificial Silk Handbook, 3d ed.), and that in the United States 1.7 per cent of total 1927 sales was so produced.

## THE VISCOSE PROCESS

This process is the only one in which a wood-pulp cellulose base is commonly employed, though cotton can be used if desired. The wood pulp is first treated with a strong solution of caustic soda. After removal of the excess caustic solution, the product in the form of alkali cellulose, is mixed with a measured amount of carbon bisulphide to form cellulose xanthate. Upon the addition of a weak caustic-soda solution and thorough mixing, a viscous compound is formed, which is the spinning solution. From this point on the process is closely similar to that followed in spinning the other types of rayon fibers.

The viscose process is more widely employed to-day than any of the other processes of rayon manufacture, the general reason given for its extensive use being the comparative cheapness of the raw materials used. In 1927 world rayon production by this process comprised 84 per cent of the total (Artificial Silk Handbook, 3d ed.), and in the United States 82 per cent of the total.

## THE CELLULOSE ACETATE PROCESS

This is the last of the four processes to become commercially important. The raw material generally used in the manufacture of cellulose acetate rayon is cotton linters, though it is understood that wood pulp can be used. The cotton is mixed with acetic acid, acetic anhydride, and a catalytic agent. The catalytic agent does not enter into combination with the other chemicals, but its presence aids the reaction of the others. In the mixing process, factors of temperature, time, and proportion of ingredients must be exactly right. The resulting cellulose acetate is then mixed with acetone to form a viscous spinning solution which is transformed into cellulose acetate fibers by methods similar to those used in spinning the other types of rayon.

According to the Artificial Silk Handbook (3d ed.), the cellulose acetate process was used in manufacturing 7 per cent of the world rayon production in 1927, while in the United States at the same time it accounted for 3.8 per cent of the total sales of American producers.

It is reported by the International Pulp & Paper Co. that approximately 90 per cent of the rayon wood pulp consumed by the American producers is supplied by the Riordan Mills organization at Kipawa, Canada.

## INCREASE IN RAYON PRODUCTION SINCE THE WAR

From the very beginning, the rayon industry has had a steady and rapid growth, and the gain has been particularly striking since the war.

The total world production of rayon each year, from 1896 through 1928, and the production each year by countries, from 1922 to 1927, inclusive, and American production of rayon yarn by companies in the United States, 1924 to 1929, inclusive, and production by deniers by six American companies, are shown respectively in Tables 1, 2, 3, and 4 following:

TABLE No. 1.—World production of rayon, 1896-1928

	Pounds		Pounds
1896.....	1, 200, 000	1914.....	24, 000, 000
1900.....	2, 000, 000	1915.....	27, 000, 000
1901.....	3, 000, 000	1916.....	30, 000, 000
1902.....	5, 000, 000	1917.....	31, 000, 000
1903.....	6, 000, 000	1918.....	32, 000, 000
1904.....	8, 000, 000	1919.....	40, 000, 000
1905.....	10, 000, 000	1920.....	50, 000, 000
1906.....	12, 000, 000	1921.....	60, 000, 000
1907.....	13, 000, 000	1922.....	73, 000, 000
1908.....	14, 000, 000	1923.....	95, 000, 000
1909.....	15, 000, 000	1924.....	128, 000, 000
1910.....	16, 000, 000	1925.....	160, 000, 000
1911.....	17, 000, 000	1926.....	199, 460, 000
1912.....	18, 000, 000	1927, over.....	270, 000, 000
1913.....	22, 000, 000	1928, over.....	350, 000, 000

TABLE NO. 2.—World production of rayon by countries, 1922–1928, inclusive, and percentage of world production contributed by each country

[In millions of pounds] <sup>1</sup>

Country	1922		1923		1924		1925	
	Pounds	Per cent of total	Pounds	Per cent of total	Pounds	Per cent of total	Pounds	Per cent of total
All countries.....	80.0	100.0	100.0	100.0	142.0	100.0	100.0	100.0
United States.....	23.5	29.4	36.5	36.5	38.5	27.1	51.9	27.3
Italy.....	6.3	7.9	10.0	10.0	18.5	13.0	28.0	14.7
Great Britain.....	15.3	19.1	16.5	16.5	23.9	16.8	28.0	14.7
Germany.....	12.6	15.7	14.3	14.3	23.7	16.6	27.5	14.4
France.....	6.3	7.9	7.7	7.7	12.3	8.6	15.5	8.1
Holland.....	2.5	3.1	2.6	2.6	3.4	2.3	9.0	4.7
Belgium.....	6.3	7.9	6.0	6.0	8.9	6.2	13.0	6.8
Switzerland.....	1.9	2.3	3.7	3.7	4.0	2.8	6.0	3.1
Japan.....	.5	.6	.8	.8	1.5	1.0	3.2	1.1
Austria.....	1.6	2.0	( <sup>2</sup> )	( <sup>2</sup> )	2.6	1.8	( <sup>2</sup> )	.....
Czechoslovakia.....	.6	.7	( <sup>2</sup> )	( <sup>2</sup> )	1.3	.9	( <sup>2</sup> )	.....
Poland.....	.9	1.1	( <sup>2</sup> )	( <sup>2</sup> )	1.5	1.0	( <sup>2</sup> )	.....
Other countries.....	1.7	2.1	( <sup>2</sup> )	( <sup>2</sup> )	1.9	1.3	( <sup>2</sup> )	.....

Country	1926		1927		1928	
	Pounds	Per cent of total	Pounds	Per cent of total	Pounds	Per cent of total
All countries.....	223.0	100.0	285.5	100.0	340.9	100.0
United States.....	61.9	27.7	75.3	26.4	97.7	28.3
Italy.....	36.9	16.5	49.5	17.3	45.0	13.2
Great Britain.....	28.3	12.8	36.0	12.6	52.0	15.2
Germany.....	26.0	11.1	36.0	12.6	43.0	12.9
France.....	17.5	7.9	26.4	9.2	30.0	9.0
Holland.....	13.5	6.0	16.5	5.7	18.0	5.3
Belgium.....	13.0	5.8	13.2	4.6	15.0	4.4
Switzerland.....	8.0	3.6	9.0	3.1	12.0	3.4
Japan.....	5.5	2.5	9.0	3.1	14.0	4.1
Austria.....	3.5	1.5	3.5	1.2	4.0	1.2
Czechoslovakia.....	2.8	1.2	3.5	1.2	3.0	.9
Poland.....	2.0	.9	2.8	.9	6.5	1.9
Other countries.....	4.1	1.9	4.8	1.6	.7	.2

<sup>1</sup> Source: Commerce Monthly, National Bank of Commerce, New York, August, 1928 (excepting 1928 figures obtained from U. S. Department of Commerce).

<sup>2</sup> Not available.

TABLE NO. 3.—Annual production of rayon yarns by companies in United States, 1924–1929

Company	1924	1925	1926	1927	1928	1929 <sup>1</sup>
The Viscose Co.....	28,000,000	35,000,000	37,000,000	40,960,000	54,000,000	66,000,000
Du Pont Rayon Co. (Inc.).....	3,694,104	6,761,660	10,898,000	15,062,000	18,161,000	22,800,000
Tubize Artificial Silk Co.....	4,250,000	5,200,000	7,000,000	7,500,000	8,500,000	9,000,000
Industrial Rayon Corporation.....	1,799,465	2,250,000	3,400,000	3,600,000	4,250,000	6,500,000
Celanese Corporation of America.....	.....	1,500,000	2,500,000	3,500,000	5,000,000	6,000,000
American Glanzstoff Corporation.....	.....	.....	.....	350,000	5,000,000	5,000,000
American Bemberg Corporation.....	.....	.....	750,000	1,200,000	2,100,000	4,000,000
Belamose Corporation.....	.....	675,000	750,000	1,400,000	1,650,000	1,750,000
Acme Rayon Corporation.....	250,780	322,665	350,000	500,000	740,250	1,000,000
Skenandoa Rayon Corporation.....	.....	.....	.....	1,000,000	1,150,000	1,250,000
Delaware Rayon Co.....	.....	.....	.....	500,000	1,500,000	2,000,000
New Bedford Rayon Co.....	.....	.....	.....	.....	.....	2,000,000
American Chatillon Corporation.....	.....	.....	.....	.....	.....	1,500,000
American Enka Corporation.....	.....	.....	.....	.....	.....	1,000,000
All others <sup>2</sup> .....	500,000	500,000	1,000,000	300,000	500,000	2,000,000
Yearly total.....	38,494,349	52,209,225	<sup>3</sup> 63,648,000	75,522,000	97,901,250	131,800,000

<sup>1</sup> These figures are either the company's own figures or estimates based on proposed production plans.

<sup>2</sup> In 1924 and 1925 this classification included Lustron Corporation, Napon Rayon Corporation, etc. In 1926: Delaware Rayon Co., Skenandoa Rayon Corporation, Amoskeag Manufacturing Co., Hampton Co., Lustron, Napon, etc. In 1927 and 1928: Napon, Amoskeag, Hampton, etc. In 1929: Napon, Amoskeag, Hampton, Rosland Corporation, Woonsocket Rayon Co., A. M. Johnson Rayon Mills, etc.

<sup>3</sup> According to the Department of Commerce census of manufactures, the total production of yarn for 1927 amounted to 75,555,439 pounds.

TABLE No. 4.—*Production by deniers of six American companies*

[Daily News Record, January 2-3, 1929]

Year	150 denier	300 denier	Other deniers
<b>The Viscose Co.:</b>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
1928.....	72	10	18
1927.....	79	11	10
1926.....	80	12	7
1925.....	71	17	12
1924.....	65	20	15
<b>Du Pont Rayon Co. (Inc.):</b>			
1928.....	67	11	22
1927.....	70	11	19
1926.....	75	16	9
1925.....	56	28	16
1924.....	49	34	17
<b>Industrial Rayon Corporation:</b>			
1928.....	85	15	.....
1927.....	81½	18½	.....
1926.....	60	40	.....
1925.....	55	45	.....
1924.....	40	60	.....
<b>Acme Rayon Corporation:</b>			
1928.....	.....	100	.....
1927.....	.....	100	.....
1926.....	.....	100	.....
1925.....	.....	100	.....
1924.....	.....	100	.....
Delaware Rayon Co., 1928.....	75	15	10
Skenandoa Rayon Corporation, 1928.....	100	.....	100

## NUMBER OF RAYON MANUFACTURING ESTABLISHMENTS

According to the Rayon Industry, by M. Avram, there are probably more than 200 rayon plants operating throughout the world. In the United States there were 8 companies with 11 plants in 1924, whereas in 1927, 19 companies with 24 plants are listed. For figures showing the total number of rayon producers by countries, and in the United States, see Tables 5 and 6 following:

TABLE No. 5.—*World rayon producers, by countries in 1924, indicating number of companies, plants, and process of manufacture<sup>1</sup>*

Country	Number of companies	Number of plants	Process of manufacture			
			Viscose	Char-donnet	Cupra ammonium	Acetate
Germany.....	19	25	15	1	3	.....
France.....	14	14	12	1	.....	1
United States.....	8	11	4	1	1	2
England.....	5	7	3	.....	1	1
Belgium.....	5	5	2	3	.....	.....
Japan.....	5	7	4	.....	1	.....
Italy.....	4	10	4	.....	.....	.....
Czechoslovakia.....	4	4	4	.....	.....	.....
Switzerland.....	4	5	4	.....	.....	.....
Holland.....	2	3	2	.....	1	.....
Spain.....	2	2	1	1	.....	.....
Poland.....	1	1	.....	.....	.....	.....
Austria.....	1	1	1	.....	.....	.....
Hungary.....	1	1	.....	.....	.....	.....
Sweden.....	1	1	1	.....	.....	.....
Canada.....	1	1	1	.....	.....	.....
<b>Total.....</b>	<b>77</b>	<b>98</b>	<b>59</b>	<b>8</b>	<b>6</b>	<b>4</b>

<sup>1</sup> Avram, A.: The rayon industry.<sup>2</sup> Two of the French viscose plants operate also by Chardonnet method.<sup>3</sup> One of the three Belgian Chardonnet plants also produces yarns by viscose process; another, yarns by acetate process.

TABLE NO. 6.—Estimated number of rayon companies in the United States, 1922-1928<sup>1</sup>

	Number of companies	Number of plants	Process of manufacture			
			Viscose	Char-donnet	Cupra ammonium	Acetate
1923.....	6	8				
1924.....	8	11	4	1	1	2
1925.....	10	14				
1927.....	14	19	15	1	2	1

<sup>1</sup> Tariff Information Surveys, United States Tariff Commission, Washington.

## LEADING RAYON PRODUCERS

*Samuel Courtaulds (Ltd.) and the American Viscose Co.*—The world's largest producer of rayon is reported to be Samuel Courtaulds (Ltd.), of Great Britain, of which the Viscose Co. in the United States is a subsidiary and the largest manufacturer of rayon in the world. Moody's Industrials for 1928 states that the American Viscose Co. was incorporated in Pennsylvania in 1915; that it has plants located in Pennsylvania and West Virginia, and that its capital stock consists of 10,400,000 shares, of which the entire amount is outstanding. Courtaulds (Ltd.), of Great Britain, also controls the Canadian Courtaulds (Ltd.), of Canada, and the Sole de Calais of France; and it is indicated in Fairchild's semiannual survey of rayon of March 7, 1929, to have some interrelationship with the Skenandoa Rayon Corporation. It is reported that in 1927, Courtaulds (Ltd.), of Great Britain, accounted for 83.3 per cent of the British rayon output (Story of Artificial Silk, by H. N. Casson) and for 54 per cent of the American output. According to the Viscose Co., the parent Courtaulds organization controls 27 per cent of the world's production of rayon. It is asserted that if indirect interests are also considered, the percentage controlled by Courtaulds would be increased to 35½ per cent.

Sales of the American Viscose Co. in 1927 are reported as 48,395,000 pounds, or approximately 57 per cent of total sales of all American rayon manufacturers.

Standard Corporation Records for 1929 states that the output of the American Viscose Corporation for 1928 was 54,000,000 pounds, against 41,000,000 in 1927. Estimated production for 1929 is 66,000,000 pounds.

In March, 1928, directors of Courtaulds (Ltd.), placed a value of £18,557,248 upon shares held by Courtaulds in the American Viscose Corporation, and have carried the additional value thus shown, amounting to \$8,251,191, to the credit of capital reserve account, together with surplus realized on disposal of preferred stock of that corporation, amounting to £669,865.83.

More information concerning Courtaulds (Ltd.), of Great Britain, will appear in part 11 hereof.

*Du Pont Rayon Co.*—No information concerning this company appears in Moody's Industrials cited above. According to the United States Department of Commerce census of manufacturers, 1927, the total capital of this company, in 1928, including increase from profits, was estimated at \$28,500,000. The Du Pont Rayon Co. is indicated in Fairchild's Semi-Annual Survey of Rayon, of March 7, 1929, as interrelated with Comptoir des Textiles Artificiels, of France, and also with the Vereinigte Glanzstoff-Fabriken, of Germany.

Standard Corporation Records, for 1929, states that the Du Pont Rayon Co. is the second largest domestic producer of rayon; that its stock of \$25,000,000 is entirely owned and controlled by E. I. Du Pont de Nemours & Co.; that Comptoir des Textiles Artificiels, of France, is its foreign associate; and that plans have been made for the erection of a rayon mill in France to cost over \$1,500,000; that its production of rayon for 1928 totaled 18,231,000 pounds.

Moody's Industrials for 1928 (except as indicated) gives the following information concerning other American rayon-producing companies:

*Tubize Artificial Silk Co.*—Affiliated with Fabrique de Sole Artificielle de Tubize; incorporated, Delaware, 1920; plant at Hopewell, Va.; annual production, 7,000,000 pounds; capital stock, 7 per cent cumulative preferred, authorized \$5,000,000, outstanding 2,500,000; common stock, authorized 20,000 shares, class

**A**, outstanding 20,000 shares; authorized 80,000 shares, class **B**; outstanding 78,868 shares; total capitalization, 1928, including increase from profits, \$13,500,000 (United States Department of Commerce census of manufacturers, 1927); estimated profits, 1928, \$5,000,000 (Wall Street Journal).

**Industrial Rayon Corporation.**—Incorporated, Delaware, 1925, to acquire most of stock of Industrial Fiber Co.; net income, after Federal taxes, for 1925, \$1,025,853; for 1927, \$907,767. Capital stock, 200,000 shares authorized, 190,450 outstanding; total capital, 1928, including increase from profits, \$13,000,000. (Company's Financial Report, December 31, 1928.) Estimated profits, 1928, \$1,600,000. (Company's Financial Report, December 31, 1928.)

**Celanese Corporation of America.**—Affiliated with British Celanese (Ltd.); incorporated, Delaware, 1918; plant at Cumberland, Md.; among its directors is Sir William Alexander, K. B. E.

#### Comparative income

1927-----	\$2,754,072
1926-----	908,913
1925-----	24,260

#### Earned per share

First and second preferred:

1927-----	\$18.58
1926-----	12.80
1925-----	0.34

Common:

1927-----	1.92
1926-----	1.04

Capital stock: (1) 7 per cent cumulative series, for which \$11,481,800 subscribed, par \$100; authorized, \$25,000,000; (2) 7 per cent cumulative first participating preferred; authorized, \$15,000,000; outstanding December 31, 1927, \$14,817,90, par \$100; (3) common, authorized, 1,000,000 shares; outstanding, 1,000,00 shares. Stock transferred at company's office, New York, and at 8 Waterloo Place, London, S. W. 1. Total capital, 1928, including increase from profits, \$32,000,000; estimated profits, 1928, \$2,000,000. (Company's Financial Report, December 31, 1928.)

**American Glanzstoff Corporation.**—Affiliated with Vereingte Glanzstoff Fabriken, A. G., Germany; incorporated, Delaware, 1927; plant at Elizabethton, Tenn., which will be operated under supervision of the German corporation. Capital stock: 7 per cent cumulative preferred; authorized, \$7,000,000; outstanding, \$7,000,000; common, authorized, 300,000 shares; outstanding, 300,000 shares. Total capital, 1928, including increase from profits, \$7,000,000. (Company's Financial Report, December 30, 1928.)

**Belamose Corporation.**—Incorporated, Connecticut, 1924. Net income for 1927, \$199,427. Capital stock: (1) 8 per cent cumulative first preferred; authorized, \$600,000; outstanding, \$332,400; (2) 8 per cent cumulative participating preferred; authorized; \$2,000,000; outstanding, \$1,480,000; (3) common A, authorized, 12,000 shares; outstanding, 3,324, no par; (4) common, authorized, 100,000 shares; outstanding, 51,161. Total capital, 1928, including increase from profits, \$2,100,000. (U. S. Department of Commerce Census of Manufactures, 1927.)

**Acme Rayon Corporation.**—Incorporated, Ohio, 1925; plant in Cleveland, Ohio. Net income, 1926, \$51,959. Capital stock: 7 per cent cumulative preferred; authorized, \$1,500,000; outstanding, \$845,500; common, authorized and outstanding, 30,000 shares of no par. Total capital, 1928, including increase from profits, \$1,200,000, (United States Department of Commerce Census of Manufacturers, 1927.)

**Skenandoa Rayon Corporation.**—Incorporated, Delaware, 1925. Capital stock: (1) 7 per cent cumulative first preferred; authorized, 25,000 shares; issued, 13,335 shares; (2) 7 per cent cumulative second preferred; authorized 10,000 shares; issued, 10,000 shares; (3) common, authorized, 600,000 shares; issued, 600,000 shares; shown by Fairchild's Semi-Annual Survey of Rayon, March 7, 1929, as interrelated with the American Viscose Co. and with Samuel Courtauld's, (Ltd.) of Great Britain.



*American Bemberg Corporation.*—Incorporated, Delaware, 1925, to manufacture in United States under patents and processes owned exclusively by I. P. Bemberg, A. G., Germany; plant in Johnson City, Tenn. Capital stock: (1) 7 per cent cumulative preferred; authorized and outstanding, \$3,500,000; (2) common A, authorized and outstanding, 140,000 shares; (3) common B, authorized and outstanding, 140,000 shares. Preferred and common quoted in unlisted department of London Stock Exchange. Total capital, 1928, including increase from profits, \$8,000,000. (Company's Financial Report, December 20, 1928.)

*American Enka Corporation.*—Affiliated with N. V. Nederlandsche Kunstzijde Fabriek "Enka" of Holland. (Our note: This company is just beginning the operation of a new factory in this country which is scheduled to produce 10,000,000 pounds next year. This development, and other imminent new production in this country, were undoubtedly importantly instrumental in bringing about the sharp and unexpected price reductions announced by the Du Pont Co. on June 16, 1929.)

GROWTH AND FUTURE OF THE MARKET FOR RAYON IN THE UNITED STATES

In 1913 the consumption of rayon in the United States amounted to 3,872,000 pounds; by 1927 consumption had multiplied itself practically thirty times, to a total of 110,700,000 pounds. (Statistics, U. S. Department of Commerce.) The 1928 gain over 1927 was greater than for any year during the period, and the production for 1929, estimated by the Daily News Record of June 25, 1929, will be 130,450,000 pounds. In 1913 the production of rayon in the United States was about 40 per cent of the domestic consumption, the remaining 60 per cent being supplied by imports. In 1928, the imports into the United States represented only 9 per cent of the consumption.

For comparative figures showing consumption, production, and imports for the United States, with percentages of domestic production, 1911-1928, inclusive, and imports by countries, 1924-1928, see Tables 7 and 8, following:

TABLE No. 7.—United States consumption of rayon for the calendar years 1911-1928, including United States production and imports (in pounds)<sup>1</sup>

[000 of pounds omitted]

Calendar year	Consumption	Domestic production	Imports for consumption	Percentage of consumption for sale in United States
1911.....	2,120	320	1,800	15.09
1912.....	2,633	1,120	1,513	42.54
1913.....	3,872	1,566	2,306	40.44
1914.....	4,972	2,445	2,527	49.18
1915.....	7,111	4,111	3,000	57.81
1916.....	6,709	5,744	965	85.62
1917.....	7,230	6,697	533	92.63
1918.....	5,949	5,828	121	97.96
1919.....	9,246	8,174	1,072	88.41
1920.....	11,720	10,240	1,480	87.37
1921.....	18,276	15,000	3,276	82.07
1922.....	26,522	24,406	2,116	92.02
1923.....	38,429	35,400	3,029	92.11
1924.....	40,222	* 38,510	1,712	95.74
1925.....	58,099	* 51,099	7,000	87.95
1926.....	63,393	* 53,330	10,063	84.12
1927.....	101,144	* 84,921	16,223	83.96
1928.....	110,700	93,000	12,700	88.52

<sup>1</sup> Figures from above table were derived from United States Tariff Commission Survey on the Artificial Silk Industry, 1925, Table 7, p. 21, for the years 1913-1923, inclusive, while the sales figures from 1924-1927, inclusive, were derived from the Jan. 11, 1928, issue of the Journal of Commerce and the imports for the same period from the Mar. 7, 1928, issue of the Daily News Record.

\* The figures for 1924-1927, inclusive, represent actual sales.

TABLE No. 8.—Comparison of rayon yarn imports, by countries, 1924-1928<sup>1</sup>

Country	1924		1925		1926	
	Pounds	Value	Pounds	Value	Pounds	Value
Italy.....	107,573	\$115,549	2,261,965	\$2,155,868	2,389,284	\$1,944,030
Germany.....	231,279	350,734	1,515,016	1,931,288	2,578,443	2,607,627
France.....	13,376	30,121	298,344	340,972	713,412	591,565
Netherlands.....	577,551	645,139	1,033,682	1,093,791	2,509,877	2,427,817
Belgium.....	274,960	352,625	589,840	712,571	739,509	530,349
Austria.....	16,820	16,233	149,259	172,721	352,494	268,416
Switzerland.....	128,343	142,062	470,934	563,002	509,806	495,721
Great Britain.....	345,292	623,732	600,583	1,072,463	107,291	157,897
Canada.....	358	1,230	10,707	22,773		
Hungary.....					25	78
Czechoslovakia.....	18,417	17,101	21,256	25,281	9,734	8,404
Japan.....			4,380	5,199		
Poland.....			54,732	56,034	13,093	15,593
Spain.....			10	15	50,100	36,159
Hong Kong.....	3	12				
Gibraltar.....			13,813	18,915		
<b>Total.....</b>	<b>1,711,987</b>	<b>2,294,558</b>	<b>7,000,521</b>	<b>8,171,093</b>	<b>10,063,068</b>	<b>9,050,665</b>

Country	1927		1928	
	Pounds	Value	Pounds	Value
Italy.....	6,760,408	\$5,612,694	4,724,945	\$3,571,172
Germany.....	2,603,123	2,523,070	2,649,431	2,778,657
France.....	2,863,509	2,286,685	2,196,827	2,038,115
Netherlands.....	2,627,529	2,163,087	1,548,594	1,245,828
Belgium.....	585,815	432,025	837,520	589,153
Austria.....	425,630	292,026	151,427	125,009
Switzerland.....	243,479	220,170	541,938	505,275
Great Britain.....	53,773	63,467	55,099	60,781
Canada.....	49,460	40,744	1,773	1,960
Hungary.....	20,123	27,526	38,367	59,533
Czechoslovakia.....	1,238	1,213	56	148
Japan.....	757	956	81	75
Argentina.....	880	800	660	363
<b>Total.....</b>	<b>16,235,724</b>	<b>13,064,493</b>	<b>12,740,768</b>	<b>10,976,069</b>

<sup>1</sup> Fairchild's Semi-Annual Survey of Rayon and Other Chemical Yarns and Fabrics for Mar. 7, 1929.

#### FABRICS IN WHICH RAYON IS BEING USED

Rayon, either alone or mixed with other fibers, is used in an ever increasing number of products and is playing an important part in widening the markets for textiles, by making adaptable to popular styles and tastes products that otherwise would be without popular appeal. Fabrics reported to consume appreciable quantities of rayon, either mixed with other fibers or alone, include the following:

TABLE No. 9

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Underwear.</li> <li>2. Pajamas.</li> <li>3. Negligees.</li> <li>4. Lingerie.</li> <li>5. Afternoon dresses.</li> <li>6. Evening dresses.</li> <li>7. Sports wear.</li> <li>8. Piece goods.             <ol style="list-style-type: none"> <li>(a) Prints.</li> <li>(b) Voiles.</li> <li>(c) Crepes.</li> <li>(d) Grosgrains.</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>8. Piece goods—Continued.             <ol style="list-style-type: none"> <li>(c) Brocades.</li> <li>(f) Taffetas.</li> <li>(g) Satins.</li> <li>(h) Velvets.</li> </ol> </li> <li>9. Blankets.</li> <li>10. Linings.             <ol style="list-style-type: none"> <li>(a) Suits.</li> <li>(b) Coats.</li> <li>(c) Overcoats.</li> <li>(d) Purses.</li> </ol> </li> <li>11. Draperies.</li> </ol> |
|---|---|

- |   |   |
|---|---|
| <p>12. Upholsteries.<br/>                 (a) Velvets.<br/>                 (b) Plushes.<br/>                 (c) Damask.<br/>                 (d) Satins.<br/>                 (e) Tapestry.</p> <p>13. Bedspreads.<br/>                 14. Cushions.<br/>                 15. Lamp shades.<br/>                 16. Scarfs.<br/>                 17. Cravats.<br/>                 18. Shirtings.<br/>                 19. Dressing gowns.</p> | <p>20. Hosiery.<br/>                 21. Slippers, overshoes.<br/>                 22. Ribbons and trimmings.<br/>                 23. Automobile robes.<br/>                 24. Children's apparel.<br/>                 25. Laces.<br/>                 26. Curtains.<br/>                 27. Sweaters.<br/>                 28. Embroidery.<br/>                 29. Braids.<br/>                 30. Narrow fabrics.<br/>                 31. Carpets.<br/>                 32. Shawls.</p> |
|---|---|

It will be evident from the above list of uses for rayon that practically the entire textile industry, with the exception of certain woolen goods, is apparently consuming rayon at the present time. In many instances this wide divergency of use for rayon is said to be due to the fact that when rayon is used in combination with other fibers, namely, cotton, silk, or wool, it either enhances the value of the resultant products, or it reduces the cost of the fabric involved. (Women's Wear Daily pamphlet, *The Selling Points of Rayon and Other Man-Made Fibers*, 1927.)

In the case of mixing with silk, the rayon tends to produce practically the same effect as real silk, so far as appearance and texture are concerned, and at reduced cost. Textile authorities assert that the advantage of mixing rayon and cotton is due to the fact that rayon, with its luster and softness, enhances the appearance of the comparatively dull and lusterless cotton. It is also stated that rayon has the effect of strengthening cotton in the dry state, while cotton strengthens rayon in the wet state. Rayon mixed with wool has a distinct advantage due to the fact that worsted is soft and dull and takes animal dyes, while rayon is firm, lustrous, and takes vegetable dyes. It is also reported that rayon, when mixed with wool fibers, reduces the tendency to shrinkage and makes the fabric less itchy when worn next to the skin.

The knitting trades furnish the most important market for rayon yarn, their consumption amounting to 54 per cent of the American rayon production in 1927. Cotton goods appear to have become considerably more important than silk goods as a market outlet for rayon, the share of American rayon production going to the cotton goods trade increasing from 15.5 per cent in 1924, to 22 per cent in 1927. The volume of rayon which went to the cotton mills in 1928 is said to be 50 per cent greater than for the year preceding. For detailed figures showing consumption by each trade group over the period 1924-1927, inclusive, see Table 10, following:

TABLE No. 10.—Consumption of American-produced rayon by textile industries for the years 1924-1927, inclusive<sup>1</sup>

	1924		1925		1926		1927	
	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total
Totals for all trades.....	38,510	100.0	51,099	100.0	53,330	100.0	84,921	100.0
Knitting trades, underwear.....	3,851	10.0	6,132	12.0	12,799	24.0	24,627	29.0
Hosiery.....	8,665	22.5	13,286	26.0	12,709	24.6	17,833	21.0
Other knit goods.....	5,391	14.0	3,066	6.0	1,869	3.5	3,397	4.0
Weaving trades, cotton goods.....	5,969	15.5	13,030	25.5	11,999	22.5	19,108	22.5
Silk goods.....	7,125	18.5	8,431	16.5	7,199	11.5	11,889	14.0
Woolens.....	385	1.0	511	1.0	533	1.0	849	1.0
Braids and elastics.....					799	1.5	1,698	2.0
Miscellaneous.....	7,124	18.5	6,643	13.0	5,333	10.0	5,530	6.5

<sup>1</sup> Metropolitan Life Insurance Co. Bulletin on "Rayon."

For consumption of rayon yarns by leading industries, see Table 11, following:

TABLE NO. 11.—Percentages of consumption by leading industries of rayon yarns, reported by six American companies

Year	Underwear	Hosiery	Other knit goods	Cotton goods	Silk goods	Wool goods	Braids, trimmings, etc.	Upholstery	Plush	Miscellaneous
<b>The Viscose Co.:</b>										
1928	33	18	4	20	13	1	6			5
1927	28	21	4	24	14	1	2			6
1926	24	25	3	21	14	1	1			11
1925	13	28	5	26	16	1	4	4	1	2
1924	11	23	14	15	18	1	8	3	2	5
<b>Du Pont Rayon Co. (Inc.):</b>										
1928	34	21	2	19	18		1			5
1927	37	24	2	17	12		1			7
1926	28	23	5	20	11		3			10
1925	6	18	10	23	18					25
1924	4	19	14	14	22					27
<b>Industrial Rayon Corporation:</b>										
1928	24	33	2	19	7		8			7
1927										
1926	15	17	5	31	18	3	3			8
1925	11	20	10	27	22	5				5
1924	9	18	17	22	19	3				12
<b>Delaware Bayou Co., 1928</b>										5
<b>Skenandos Rayon Corporation, 1928</b>	13	13	1	35	25	1	4			8
<b>Acme Rayon Corporation, 1928</b>			10	90						

## TREMENDOUS GROWTH IN MARKET FOR RAYON IN UNDERWEAR

The use of rayon in the underwear industry has had a spectacular increase in recent years. An extensive market survey carried on during 1927 under the auspices of the National Retail Dry Goods Association revealed that women's underwear sales in 1926 were about evenly divided between rayon, silk, and cotton garments, each unit being approximately one-third of the total sales value. Sixty-three per cent of women in different classes were shown by the survey to be using rayon in 1926, and 84 per cent of the customers were satisfied with it. They are reported as liking rayon underwear because it wears well, is soft to the touch, has good appearance, is comfortable, easily washed, and reasonably priced.

Sales of American rayon producers to hosiery manufacturers in 1927 amounted to 17,833,000 pounds, as compared with 8,665,000 pounds in 1924, indicating a doubling of consumption in a 4-year period.

Rayon has become an active and increasingly important factor in the wash piece-goods field, for a number of reasons. Most rayon fabrics are priced between the prices of silk and cotton fabrics. They are well within the means of a large proportion of the consuming public. Many former purchasers of cotton goods have come back to buy rayon-cotton mixtures because of the beauty and the unusual effects obtained through the use of rayon. These consumers represent those large groups who desire to approximate as closely as possible the standard of dress and appearance of those who can afford silk, and so they welcome the introduction of comparatively inexpensive goods of cotton and rayon, which to a great extent would appear to serve that purpose and desire. Another use of rayon which gives evidence of material increase is in the manufacture of men's apparel, including neckties, shirts, lounging robes, underwear, and pajamas.

## EFFECT OF RAYON ON CONSUMPTION OF COTTON, SILK, AND WOOL

On the basis of the available information, it can not be definitely stated that rayon has had either the effect of increasing or decreasing the consumption of cotton, silk, or wool fibers. On the other hand, certain textile manufacturers claim that the introduction of rayon has materially increased the salability of a number of fabrics by creating new styles, trends, and modes which have enhanced the appearance of particular fabrics and materially stimulated their sales.

Statistics collected by the Government indicate that the consumption of cotton and silk fibers has materially increased in recent years, shown as follows in Table 12:

TABLE NO. 12.—Consumption of cotton, silk, and rayon fibers in the United States for the years 1923-1927, inclusive

[Expressed in thousands of pounds]

Years	Cotton	Per cent	Silk	Per cent	Rayon	Per cent
1923.....	3,280,664	97.3	47,669	1.5	38,429	1.2
1924.....	2,780,834	96.8	48,824	1.8	40,222	1.4
1925.....	3,216,264	96.3	66,679	2	58,099	1.7
1926.....	3,341,825	96.2	66,706	1.92	63,393	1.88
1927.....	3,703,320	95.5	72,333	1.9	101,144	2.6
1928.....	3,286,697	94.7	75,516	2.2	110,700	3.1

<sup>1</sup> Department of Commerce, Bureau of Census, February, 1928: Survey of Current Business; Fairchild's Semi-Annual survey of Rayon and Other Chemical Yarns and Fabrics.

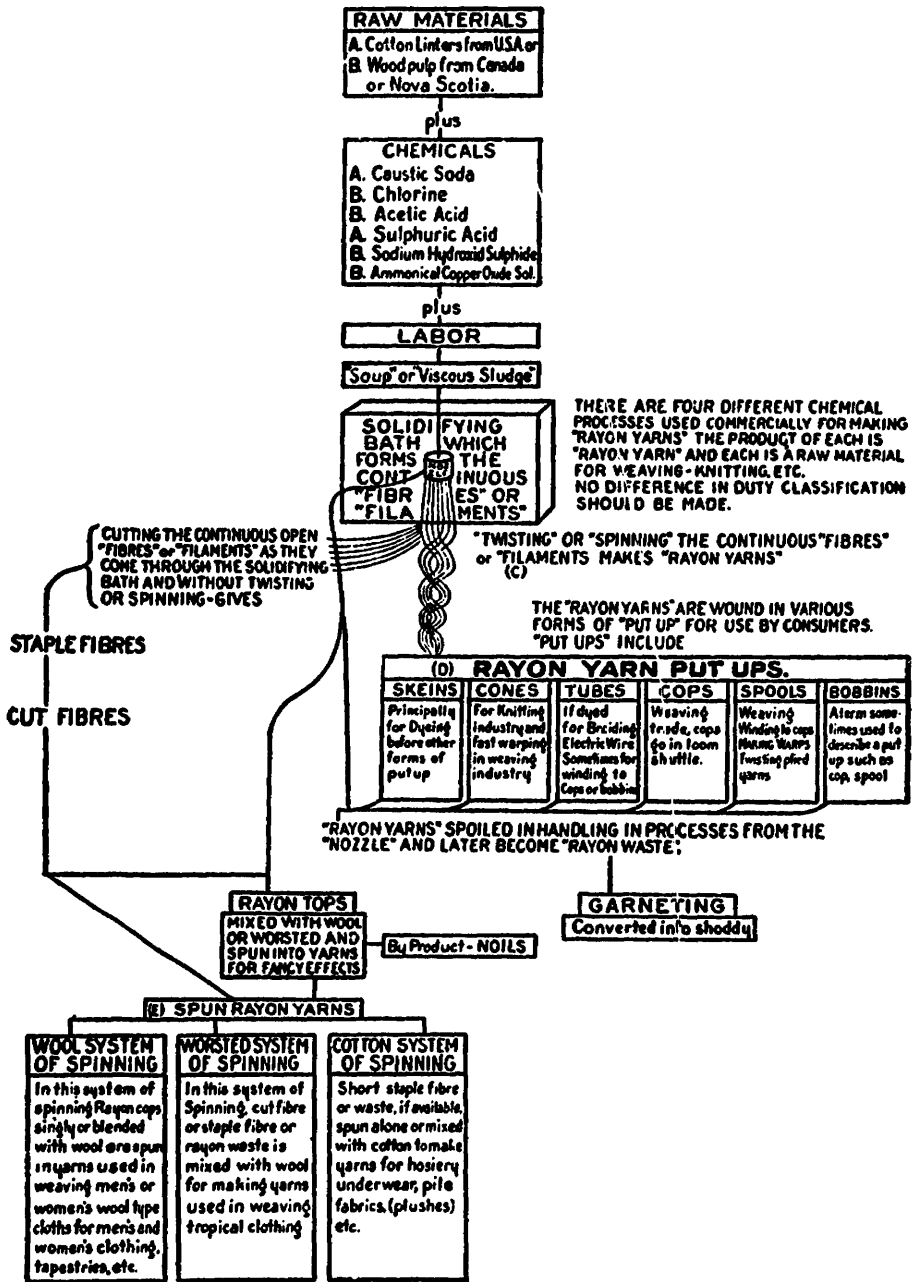
This table shows that the consumption of all three fibers—cotton, silk, and rayon—has materially increased from 1923 to 1927, inclusive. During the period indicated, the consumption of cotton increased 13.5 per cent; silk, 51.7 per cent; and rayon, 102 per cent. It is evident from this comparison that rayon consumption has increased at a much more rapid rate than cotton or silk, its rate of increase being twelve times greater than cotton and approximately three times greater than silk. On the other hand, it should be noted that rayon consumption still represents an insignificant amount compared with the quantity of cotton consumed, the volume of rayon being only 2.7 per cent of the volume of cotton. In the case of silk, however, it is noticeable that in 1927 rayon consumption was greater than the amount of silk consumption by approximately 39.8 per cent. In regard to the effect of increased rayon consumption on the silk industry, the foregoing table reveals that silk fiber consumption in 1927 increased 8.4 per cent over 1926. It is reported by the Silk Association of America (Inc.) that consumption of the cheaper goods made of silk fibers has been adversely affected by rayon competition, but consumption of high-grade raw silk has increased. It is noteworthy that in certain instances rayon has been tending to displace raw silk as a material in the manufacture of cotton finished goods, and in this connection it is stated that rayon has the advantage over raw silk in that it is possible to control rayon production in close relation to demand. In the case of raw silk, the crop must be started without accurate advance knowledge of what will be the demand. It is subject to weather hazards, the supply being fixed from three to nine months before it is ready for market. The silk or cotton manufacturer who uses rayon instead of raw silk can plan his operations in the beginning of the season and make his commitments ahead with less fear of price variations. The effect of rayon on wool consumption is still apparently negligible, inasmuch as the use of rayon in mixtures with woolen fibers is a comparatively recent innovation. The present consumption of rayon in the woolen industry represents 1 per cent of the total consumption of rayon, and this percentage has held constant over a recent period of four years.

The popularity of both all-rayon fabrics and rayon mixtures is apparently increasing steadily, due to new uses and applications of rayon which are brought out almost daily. The quality of rayon now produced in all countries is materially better than in years past; and still further improvements in quality, which will make rayon an even more desirable fiber, are looked for by many writers on the subject. Those taking the view that the progress attained to-day is but a small beginning of the development to be expected in the future, look for highly profitable conditions in the industry for the next decade, and believe that demand will outrun supply for some years to come.

We have endeavored in Part I above to present as concisely as possible the fundamental facts surrounding this new and important industry, and thus to relieve the committee of the labor of research, and to furnish bases to enable an accurate and just consideration of our earnest plea for relief from the present burdensome rates of duty.

We request the treatment of this important question in accordance with the principles of sound economics, to the exposition of which Part II is dedicated and now submitted.

**PROGRESSIVE STEPS, RAW MATERIAL TO FINISHED PRODUCT**



## EXPLANATION OF REFERENCES ON CHART OPPOSITE

A. Obtainable in the United States at prices averaging less than in Europe. No duty protection needed.

B. Obtainable in the United States at prices averaging about the same as in Europe. No duty protection needed.

C. Rayon yarns are the main product of the rayon industry. All other products from the rayon manufacturers are "by"—or "secondary"—products. Rayon yarns need duty protection only to cover the actual difference in labor costs in the United States and Europe.

D. Formerly all rayon yarns had to be wound first in skeins as they came from the "spinneret," and from skeins to other forms of "put-up." Improved machinery now makes the skein winding unnecessary if cones or tubes are desired. The best and most economical machinery for rayon put-up is made in this country. In the hearing before the House Ways and Means Committee a plea was made by Du Pont for a duty of 15 cents per pound extra for yarns on cones; yet practically without foreign competition in cone put-up, Du Pont sell their rayon on cones for only 5 to 7½ cents per pound higher than in skeins. No extra duty protection for put-ups required. An ad valorem rate of 35 per cent is adequate.

E. Spinning staple fibers or cut fibers or rayon waste into yarns, either in conjunction with other fibers, such as wool, worsted, or cotton, for novelty effects, or without adding fibers, is a separate and distinct manufacturing process. It is a comparatively new industry in this country which is growing very fast. There is not enough domestic raw material to meet the demand. Staple fibers or cut fibers, being products of original manufacture, are entitled to protection, for which 10 per cent is adequate. Rayon waste, being wholly a salvaged waste, needs duty protection no more than do silk waste or cotton waste, both of which are on the free list.

## PART II

## FOREWORD

The novelty of rayon as the only "man-made" fiber has been used adroitly to preclude consideration and determination of the true economic position of rayon in relation to other fibers, with the result that the rates of duty proposed on rayon in the new tariff schedules are indefensible when compared with the rates proposed for similar items.

The following is an illustration in this connection: Cotton yarn, a basic American production, is given admittedly adequate protection in the proposed tariff; yet count 36 combed cotton yarn, corresponding in size to 150-denier rayon, pays only 20.8 per cent duty, whereas the 150-denier rayon is accorded protection of 50 per cent ad valorem, but not less than 45 cents a pound, or, to-day, 80 per cent ad valorem.

In Part II we will show that the proposed rates on rayon are economically unsound, wholly unjustifiable, and constitute an unfair discrimination against the importers of rayon and against the consumers of rayon yarns, who employ thousands of American laborers for every group of 100 laborers employed in the making of rayon yarns. From a careful examination of the reports of the hearings on the rayon schedule before the House Ways and Means Committee, it would seem that true conditions in the industry were not comprehended. Therefore, we have endeavored herein to set forth facts and reasons fully, yet concisely, in an effort to help to effect consideration of the rayon schedule in accordance with sound principles of protection and economics, as contrasted with the treatment of the subject revealed by the provisions of paragraphs 1301 to 1305, inclusive, and 1313, Schedule 13, H. R. 2667.

Table No. 13 following presents the difference between the rates proposed in the tariff bill and the maximum rates for adequate protection:

TABLE No. 13

	Rates proposed in tariff bill	Para- graph in bill	Maximum for adequate protection
Rayon yarns, singles, 150 deniers or more.	45 per cent ad valorem; not less than 45 cents a pound.	1301	By whatever name known and by whatever process made, 35 per cent ad valorem; no specific duty.
Rayon yarns, singles, less than 150 deniers.	50 per cent ad valorem; not less than 45 cents a pound.	1301	By whatever name known and by whatever process made, 35 per cent ad valorem; no specific duty; rayon yarns, singles, twisted 11 turns per inch but not exceeding 32 turns per inch, 45 per cent ad valorem; twisted more than 32 turns per inch, 50 per cent ad valorem.
Rayon yarns, plied.....	An additional 5 per cent..	1301	40 per cent ad valorem; no specific duty.
Rayon waste, except cellulose acetate rayon waste.	10 per cent ad valorem....	1302	Rayon waste of all kinds, free list.
Rayon filaments, other than acetate, known as cut fiber, staple fiber, or by any other name.	20 per cent ad valorem....	1302	Cut rayon fiber or staple fiber, by whatever name known and by whatever process made, 10 per cent ad valorem.
Rayon noils.....	25 per cent ad valorem....	1302	10 per cent.
Garnetted or carded rayon.	10 cents a pound and 25 per cent ad valorem.	1302	15 per cent.
Sliver or tops.....	10 cents a pound and 30 per cent ad valorem.	1302	Cut fiber tops, sliver, or roving, by whatever name known and by whatever process made, 20 per cent ad valorem; no specific duty.
Spun rayon yarn, singles....	10 cents a pound and 45 per cent ad valorem.	1303	35 per cent ad valorem; no specific duty.
Spun rayon yarn, plied.....	10 cents a pound and 50 per cent ad valorem.	1303	40 per cent ad valorem; no specific duty.
Rayon yarn for handwork and rayon sewing thread.	55 per cent ad valorem; not less than 45 cents a pound.	1304	45 per cent ad valorem; no specific duty.
Rayon in bands or strips, not exceeding 1 inch in width, suitable for manufacture in textiles.	45 per cent ad valorem; not less than 45 cents a pound.	1305	40 per cent ad valorem; no specific duty.

All foregoing rates to be assessed on the net dry weight of yarn or fiber.

#### RECENT TRANSITIONS IN THE INDUSTRY

The rayon yarn industry, like the motion-picture industry, possesses the great advantage of having been born in modern times and to have grown to great size and vigor, and therefore has avoided the incubus of hackneyed tradition and diversified vested interests which have blocked and hampered the attempts of some of our older industries to achieve profitable adjustments with respect to changing modern conditions. It is gratifying that a new and separate section for rayon has been established in H. R. 2667, but the proposed tariff on rayon yarns is a profound backward movement toward an unsound moribund state.

To illustrate: The rate of duty under both the present and proposed tariff on rayon yarns, singles, of 150 deniers or more, is a specific duty of 45 cents a pound, minimum, or 45 per cent when the foreign value goes above \$1 a pound. This duty has been in force for a considerable period of time and was established when rayon yarn was an infant industry in the United States, when the most widely-used size of yarn (150 denier) was selling between \$2.75 and \$3 a pound, paying duty far in excess of 45 cents per pound, and when foreign yarns sold at a premium because of scarcity of world supply.

It is important to note that since 1922, when the present tariff was enacted, the following changes have taken place:

(1) Domestic prices of rayon yarn have been reduced by over 45 per cent, to \$1.15 and \$1.10 per pound.

(2) By reason of the progress made in technical devices and science, and because of improvements in the machinery which has replaced hand labor, and by virtue of mass production, tremendous savings in production costs have been effected, until to day the difference in the cost of labor accounts for the entire difference in the expense of production in the United States and abroad.

(3) The domestic industry has prospered and expanded in spite of these price reductions, as will be shown later herein.



PRICE MOVEMENTS

Table 14, following, sets forth prices in the United States on 150 denier, A quality, unbleached, the source being the Yearbook, National Association of Cotton Manufacturers, 1927:

TABLE No. 14

1909 -----	\$2.15	September, 1910-February, 1920_	\$5.25
1910 -----	1.90	February-June, 1920.....	5.05
1911 -----	1.80	June-September, 1920.....	4.95
1912 -----	1.80	September-October, 1920.....	3.95
1913 -----	1.80	October, 1920-September, 1921..	2.50
Apr. 1, 1914-September, 1915....	2.00	September, 1921-February, 1924:	2.75
September, 1915-January, 1916..	2.50	February, 1924-July, 1926.....	2.00
January-September, 1916.....	3.00	July-November, 1926.....	1.65
September-December, 1916.....	3.25	November, 1926-March, 1927....	1.45
December, 1916-May, 1917.....	3.50	March, 1927-February, 1929.....	1.50
May-October, 1917.....	3.75	February-June 16, 1929 <sup>1</sup> .....	1.30
October, 1917-June, 1918.....	4.25	June 17, 1929, to date <sup>1</sup> .....	1.15
June, 1918-September, 1919....	4.50		

The prices in the period 1917-1920 admittedly could have had no relation to the cost of production, and illustrate how the domestic producers have treated consumers, the price rising from \$3.50 in May, 1917, to \$5.95 in June, 1920. The years 1917 to 1919 were war years. Prices dropped from a peak of \$5.95 per pound in June, 1920, to \$2.50 per pound in September, 1920.

Table 15, following, shows the comparative percentages of domestic production and of importations since 1920:

TABLE No. 15

Year	Production	Importation	Year	Production	Importation
	<i>Per cent</i>	<i>Per cent</i>		<i>Per cent</i>	<i>Per cent</i>
1920 <sup>1</sup> .....	85	15	1925.....	88	12
1921.....	80	20	1926.....	84	16
1922.....	86½	13½	1927.....	85	15
1923.....	90	10	1928.....	90	10

IMPORTS AND IMPORT TRENDS

(1) *We import principally from debtor nations.*—A comparison of rayon yarn imports by countries for the years 1924 to 1928, inclusive (Table 8, on p. 17 of Part I, to which the committee is respectfully referred), shows that the countries from which the United States principally imported rayon during this period were Italy, Germany, and France, in importance in the order named. It is, of course, a well-known fact that the above three countries have balances of trade with this nation unfavorable to them. We shall not attempt analyses of these trade balances, for the reason that this would require a lengthy dissertation. Suffice it to say, however, that due largely to conditions arising out of the Great War, many of the countries from which we import rayon, but particularly the three countries above mentioned, owe the United States large sums of money, a situation which did not exist before the war. We earnestly suggest that Congress ought not to discriminate against these countries and their merchandise by imposing unnecessary and monopolistic rates of tariff.

Statistics regarding imports into this country show a very interesting situation. At first the great bulk of imports embraced the coarse sizes (300s and the like), largely because the trade demand centered in these grades. Gradually the demand of consumers turned to finer sizes (150s), and at the present time is turning toward 100s, 75s, and the like. Concurrently, the imports of the coarse yarns fell off much more rapidly than the demand increased for the

<sup>1</sup> Source: Daily News Record.

finer yarns, until to-day the coarse yarns are practically shut out because of the minimum duty of 45 cents a pound. Some high-quality coarse rayons that were brought to this country have been shipped out again because of impossibility of selling at a price that would cover costs. The reason for this is plain, upon analysis. The American sellers market their coarse yarns for approximately 95 cents to \$1 a pound. Deducting 45 cents a pound from this, and also subtracting selling costs and the cost of freight and insurance, will leave the manufacturer less than 45 cents a pound. Therefore, a specific duty of 45 cents a pound is in effect an ad valorem duty on this kind of imports of over 100 per cent, and is monopolistic.

(2) *A reasonable percentage of imports<sup>1</sup> is economically desirable.*—Since 1922, total imports never have exceeded 16 per cent, and during that time have averaged 11 per cent, of the total domestic consumption. This is far from an unsound proportion. In fact, imported rayon yarns serve very vital economic purposes, as follows:

(A) Seasonally the American producers have been unable to meet the peak demands of the users, especially when a quick demand increased the need for one or more sizes beyond the capacity of the American makers. At such times imported yarns have filled the gap and prevented consumers from shutting down and throwing labor out of employment. The latest occurrence in this connection was in April and May of this year, when strikes closed two American rayon-yarn factories. Imported yarns of the same make were brought in, in great volume, to fulfill contracts for delivery executed before the strike. Temporarily this increased the rate of imports, but served the needs of our consumers.

(B) The rates of duty engineered for rayon yarns show that the domestic manufacturers are not business altruists. When imported yarns have for any reason been unavailable, the prices of the American yarns have been moved up inordinately.

There is a clear economic basis in this market for a reasonable percentage of imported rayon yarns. To date, the importers' ability to sell in this country has not been due to abnormally lower costs of production abroad but to the high price level maintained on this side. This condition invites an increase of domestic output out of proportion to consumption, which will be as harmful for our country as it has proven to be in England, where a rate of duty on imports of 25 cents per pound above the domestic excise tax invited the construction of more plants than that country could sustain.

Mr. Samuel Courtaulds, of England, conceded to be the dean of the rayon industry, whose company controls the Viscose Co. of America, publicly opposed that protection, and submitted in *The Times* (London) an article in which he pointed out the fallacy of such a policy, stating that as a consequence too many new companies would enter the field, and that the weaker producers would find it hard to exist, for the reason that only large units of production are economical, the difference in cost between large and small factories being very great. Vast amounts of money have been lost by investors in England in rayon production.

It is inevitable that the same result will take place in this country unless we act at once and establish sane and balanced rates of duty to bring about a sound and continuing proportion of imports to domestic production. In this way the industry will be saved from the disaster which inevitably follows unsound inflation.

**OF THE FACTORS IN THE PRODUCTION OF RAYON, LABOR ALONE NEEDS PROTECTION ;  
AND 20 PER CENT THEREFOR IS ADEQUATE**

The basis of our tariff is alleged to be the protection of American capital and labor. We shall show that a specific duty of 45 cents a pound, or an ad valorem duty of 45 per cent or 50 per cent, is indefensible and can not be justified as protection for the capital invested in rayon manufacture. How about labor?

Representative Hawley, in presenting H. R. 2667, is reported to have stated that the basic difference between the scale of American labor charge and

<sup>1</sup> For comparative percentages of domestic production and of importations, see Table 15, p. 34.

foreign labor charge is 40 per cent. The United States Tariff Commission reports that the average difference in labor costs in Europe and in the United States does not exceed 40 per cent.

It is, of course, undeniable that the cost of labor constitutes only a portion of the total expense of a finished product which necessarily must cover the cost of raw materials, overhead, capital charges, selling expenses, and the like.

As wood pulp (a raw material) is on the free list, it costs no more in this country than abroad. It is also reliably reported that the important raw material of cotton linters, which is an American product, and which is exported to Europe, costs less in this country than in Europe. Canadian, Swedish, and Norwegian pulp, which comes in duty free, is used as well as domestic pulp in the viscose process. Caustic soda, another important raw material, is said to be cheaper here than in Europe. Platinum, used in the nozzle of the spinneret, is as cheap in the United States as in Europe. Rayon machinery is built in this country; as a matter of fact, the American Viscose Co. is said to build most of its own machinery.

Europe has to import cotton linters from this country, which means about 1½ cents per pound additional expense in Europe for freight, handling, and commissions.

The Belamose Corporation is an American company utilizing labor in the eastern part of the United States, which is the highest paid labor in the industry. This is one of the smaller units. Larger units should be able to produce even more economically. Yet the president of the Belamose Corporation is reported to have stated recently that their cost of producing 150 denier, A quality, is 68 cents a pound, and that sales at \$1.20 still give them a profit of 52 cents. This would enable his company to meet any foreign competitor, and shows the injustice of tariff protection of 45 cents a pound minimum. This American company has paid, and is still paying, a dividend on its preferred stock amounting to 8 per cent.

In the production of rayon yarns the cost of labor is less than 50 per cent of the total expense, but let us place this particular item at 50 per cent, a liberal allowance. Forty per cent (to cover the difference in American and foreign labor scales) of 50 per cent is 20 per cent, which should be a justified rate of protection for American labor employed in producing rayon yarns. It is apparent, therefore, that a rate of 45 or 50 per cent ad valorem is excessive for the protection of labor, and we submit that a rate on all grades of rayon not in excess of 35 per cent ad valorem gives more than adequate protection to American capital and to American labor employed in the production of rayon yarns.

It may be appropriately repeated here that a specific duty of 45 cents per pound is equivalent to over 100 per cent ad valorem on rayon of 300 denier. There can possibly be no justification for such a rate under our principles of tariff protection!

#### AMERICAN LABOR HAS NOT BENEFITED FROM THIS EXCESSIVE PROTECTION

The amount of profit made by American rayon producers has been, and is, wholly out of proportion to the profit of the consumers of the rayon yarns. In fact, it has been repeatedly stated that consumers employing hundreds of thousands of workers have been using rayon yarns, not for their own profit but to sustain the abnormal profits of the makers of rayon yarns. Many of the consumers of rayon yarns have been operating without even an adequate interest return on their investment, while the rayon manufacturers have been enjoying fabulous profits.

What has labor received from this excessive protection? Certainly, such abnormal protection of the rayon yarn industry is not reflected in the wages to the workers in that industry, the average weekly wage of rayon workers being reported at \$22, or \$1,100 a year. Does such a condition justify the over-protection given by the present or proposed tariff rates?

Table 16, following, gives the employment and wages in textile and other industries, the source being the Department of Commerce Statistical Abstract of the United States, 1928:

TABLE NO. 16

	1925	1927
Wage earners in textile industries in the United States.....	1, 110, 209	1, 119, 733
Wage earners in all industries in the United States.....	8, 300, 000	
Wages paid all wage earners in all industries in the United States.....	\$10, 727, 338, 000	\$10, 848, 803, 000
Wages paid all wage earners in textile industries in the United States.....	\$1, 066, 262, 000	\$1, 099, 735, 000
Value of production of all industries in the United States.....	\$62, 668, 260, 000	\$62, 718, 347, 000
Value of production of textile industries in the United States.....	\$5, 342, 617, 000	\$4, 933, 282, 000
<b>RAYON INDUSTRY PRODUCERS, WAGE EARNERS, WAGES PAID, AND TOTAL VALUE OF PRODUCTION</b>		
Establishments making rayon yarns.....	14	19
Wage earners.....	19, 128	26, 341
Wages paid.....	\$22, 975, 605	\$23, 649, 441
Total value of production.....	\$88, 060, 962	\$109, 888, 336

Is it fair to coddle those seeking this high tariff at the expense of the vast consuming groups shown above?

The rayon yarn consumers need the lowest priced raw materials available so as to broaden their domestic and export markets and to bring benefit to the great number of American workers in our textile industry, and it is essential for this purpose that the rate on rayon yarns should not exceed 35 per cent ad valorem and without specific duty.

**RAYON AS AN IMPORTANT RAW MATERIAL IN TEXTILE AND OTHER INDUSTRIES SHOULD HAVE ADEQUATE BUT NOT MONOPOLISTIC PROTECTION, IN JUSTICE TO THE CONSUMERS OF THE YARNS**

Let us look into the harmful effect of abnormal tariff protection upon those who use the merchandise, and into the fallacy of trying to safeguard the interests of the consumers of a greatly overprotected raw material such as this, by placing an abnormal tariff on the finished product.

Rayon yarns are not a finished product, used by the public. They are a very necessary raw material. They are used to a very great extent in our textile trades. They are a very important raw material in knitting and weaving, and incidentally in electric wire braiding. (For a more detailed list of uses, see Table 9.)

Statistics show that while during the past few years certain lines of industry have been highly prosperous, the weaving industry of our country has been in a distressingly unprofitable condition; and in this connection let us point out that the investments of purely American capital, and the employment in connection therewith of American labor, are vastly greater than the capital and labor employed in the production of rayon yarns. The high cost of raw materials to our consuming plants so increases the cost to them of the finished product that they are at a disadvantage in competing with finished products manufactured abroad.

It is not generally realized to what extent an advance in the price of a raw material is increased by the time the final consumer is reached. In many instances each 1 per cent added to the cost of a raw material is increased to 2 or more per cent when the finished product reaches the hands of a consumer.

To illustrate: An advance in the rate of duty on 100's multifilament rayon yarn (for which the demand is increasing very rapidly) from 45 per cent to 50 per cent ad valorem adds 7 cents per pound to the cost of the yarn. By the time this yarn has been woven, and the cloth passed through converter and finisher and retailer, this original 7 cents (added cost of the rayon) has been increased to 14 cents a pound. Inevitable operating costs must be added, and the increased cost to the consumer of the finished product can be realized. Inasmuch as the original increase of 7 cents per pound, through added duty, was not a necessity, the net result is a taking from the many for the benefit of the few. It is this misapplication of our principle of tariff protection that in the end brings economic disaster.

It is of the utmost importance that the American consumers of rayon yarns secure their raw material at the lowest possible price so that their finished products will be available at prices which will broaden their sales markets, and thereby increase the output of the consuming American plants, augment the

employment of American labor, and thus help to restore prosperity to the textile and other trades which are so desperately in need of assistance.

An attempt to bridge part of the gap by imposing a stiff duty on products made from rayon meets the situation only partially, and is an economic fallacy in dealing with this problem, as it tends to raise the price level of the finished merchandise to a point which restricts final distribution. It is essential, therefore, that the rate of duty on rayon yarns be maintained at a figure which gives full protection to American capital and American labor employed in producing these yarns, and at the same time creates a sound basis of values for the rayon yarns. If this latter policy is followed, the products made from rayon yarn will be available at price levels which will be a protection against cheap foreign finished goods, and at the same time will broaden the markets for our own finished products, with resulting increase of employment of American labor in the textile industry without detriment to the labor employed in the production of rayon yarns.

It is submitted, therefore, that a rate of duty on all grades of rayon yarns not exceeding 35 per cent would be economically fair to the producers of these yarns, and at the same time serve to effect compensating benefit to the vast number of workers in the textile industry.

THE AMERICAN VISCOSE CORPORATION AND ITS GROWTH, PROFITS, DIVIDENDS, AND CONTROL—THE DU PONT CO. TARIFF POLICIES

To have a clear idea of conditions in the rayon industry, it is necessary to lay aside certain glamor which surrounds it and to draw sound comparisons and conclusions. Analysis is made of available data concerning the capitalization and profits of the American Viscose Corporation because of its domination of the American market.

The following is taken from page 55 of List of Artificial Silk Companies' Shares Dealt In on the Stock Exchange, published by H. Morison & Co., London, England, February, 1929:

"Courtaulds own practically all the shares in the American Viscose Corporation, and this asset is valued in the balance sheet at £18,577,248. Below we print some particulars of the company.

"Factories: Viscose, at Marcus Hook, Pa.; Roanoke, Va.; Parkersburg, W. Va. Acetate factory in course of construction at Meadville, Pa."

"The production figures for 1924 and later are as follows:

	Production	Sales
	<i>Pounds</i>	<i>Pounds</i>
1924.....	28,000,000	28,000,000
1925.....	35,000,000	35,000,000
1926.....	37,000,000	30,650,000
1927.....	40,980,000	48,395,000
1928 (estimated).....	51,500,000	48,395,000

"With the extensions under way, the company expects to reach a capacity of 60,000,000 to 70,000,000 pounds for 1929.

"The net earnings of the company for several years past are estimated to be some £4,000,000 per year. Estimate of profit for 1928 on a production of 51,500,000 pounds is calculated to be over £6,000,000."

(£6,000,000, at \$4.85, equals \$29,000,000, which, on a production of 51,500,000 pounds in 1928, represents a net profit of over 56½ cents per pound on every pound produced.—Our note.)

"At one of the annual meetings of Courtaulds (Ltd.), the chairman, when questioned, said he was informed that the American company, like the British company, maintained large reserves in keeping with the magnitude of the business.

"The authorized capital of the company was originally \$25,000, subsequently increased to \$1,000,000, all common, par value \$100 each; amount subscribed and paid in cash, \$837,000. On December 2, 1913, the capital stock was increased from \$1,000,000 to \$2,000,000. In May, 1915, the name was changed to the Viscose Co. and the capital stock was increased to \$10,000,000.

"In 1922 the Viscose Co. changed its name to the American Viscose Corporation, having an authorized capital of \$100,000,000, divided into \$48,000,000 pre-

ferred stock and \$52,000,000 common stock, of which \$41,582,000 in 7 per cent preferred stock, and \$51,977,500 in common stock was issued. Of the above amount, Courtaulds (Ltd.) received in exchange for its holdings in the Viscose Co. \$37,784,400 in preferred stock and \$47,230,500 in common stock. It appears that during the years 1926 and 1927 the American Viscose Corporation redeemed, if not all, at least the greater portion of the \$37,784,400 preferred stock held by Courtaulds (Ltd.)."

The American Viscose Corporation makes over 50 per cent of the rayon yarns produced each year in the United States. The above report indicates that foreign stock owners hold about 85 per cent of the capital stock of \$100,000,000 and that the net profit has been over 50 cents per pound on their production.

The amount of paid-in capital is unknown. It is stated in the above report that \$857,000 was actually paid in, but from that point on the increase in capital, up to the present \$100,000,000, apparently came from the company's earnings. If any of this increase was paid in by stockholders, it is not revealed by the report. Similarly, the cash investment of Samuel Courtaulds (Ltd.), the British company, is not revealed, but apparently it is about \$727,450 (85 per cent of \$857,000). Even though \$10,000,000 of the total capital had been paid in and Courtaulds's participation therein had been the sum of \$8,500,000, it appears that not less than 45 cents per pound has been taken from American consumers for the benefit of foreign investors, in the form of both increased capitalization, totalling over \$75,000,000, and participation in earnings of \$19,000,000 to \$25,000,000 annually. In other words, under our duty of 45 cents per pound on rayon, the American people contribute to foreign stockholders about 42½ cents per pound on over 50 per cent of the rayon produced in this country.

What a travesty is such misapplication of our principle of tariff protection. In the face of this situation the producers located in this country ask Congress to give them a gift of untold millions of dollars a year in continued or even higher tariff protection—and in return for what?

As an illustration of spurious protection requests, there is the plea by the Du Pont interests for a duty of 15 cents a pound additional for yarns on cones. Practically no foreign yarn of any consequence is brought in on cones, and yet Du Pont is selling yarns on cones for only 5 to 7½ cents a pound higher than their price in skeins which is the basic form of put-up. In other words, they ask protection of 200 to 300 per cent on an item on which the foreign seller is unable to compete, even without the increased protection which has been asked. The entire structure of rayon rates should be weighed in consideration of this illustration. The briefs of the manufacturers ignore economics and ask protection for selfish purposes. The importers ask consideration of this matter on a sound economic basis.

We further call attention to the position of the Du Pont Rayon Co., in relation to the tariff. Since February 15, 1920, they have reduced the price on the most extensively used size of rayon, 150 deniers, by 35 cents per pound; and the prices on other sizes more or less in proportion. At the same time, the Du Pont interests ask more and more tariff protection, but at no time to date have they supported requests with a bona fide disclosure of costs of production. Nor have they shown the public, from whom they are seeking this ever-increasing protection, a financial record of their company, revealing capital invested, depreciation from year to year, increased capital through profits or their costs of production, so that fairminded judgment could be exercised to fix a just rate of duty. Instead, they smother the financial figures of the Du Pont Rayon Co. in the consolidated statement of the vast Du Pont interests.

The American Viscose Corporation and the Du Pont Co., whose profits and tariff policy are above analyzed, are producers of over 70 per cent of the rayons made in this country. We have shown hereinabove that the Belamose Corporation, one of the smaller American producers, anticipated a profit of over 50 cents per pound on yarns sold for \$1.20 per pound. Other interesting illustrations could be given from the capitalization and dividend records of other American manufacturers, but the information concerning the above companies which are responsible for the bulk of the domestic production will suffice.

By way of summary of the information set forth in this section of our brief, we give below Tables 17 and 18, showing the amounts of duty paid to the United States on imports of artificial silk, artificial horsehair, and products of cellulose, 1922-1928, inclusive, totalling \$42,668,282, comparing this

figure with the estimated participation by foreign investors in the earnings of only one of the American rayon producers:

TABLE No. 17.—Total amount of duty paid to the United States on imports of artificial silk, artificial horsehair, and products of cellulose, 1922-1928

1922 -----	\$1,100,795	1927 -----	\$11,322,853
1923 -----	4,331,164	1928, estimated (a loss of	
1924 -----	3,113,583	20 per cent)-----	9,000,000
1925 -----	5,814,606		
1926 -----	7,983,281	Total -----	42,668,282

The above data was furnished by the Government to the Journal of Commerce for publication.

The following table comprises estimates compiled by us from data taken from page 55 of List of Artificial Silk Companies Shares Dealt In on the Stock Exchange, published by H. Morrison & Co., London, England, February, 1929:

TABLE No. 18

American Viscose Corporation increased capital in 1922 (apparently by stock dividends) from \$10,000,000 to \$100,000,000, at least 85 per cent thereof to foreign investors, or-----	\$76,500,000
American Viscose Corporation reported to have earned each year for several years past at least £4,000,000, or about \$20,000,000; foreign stockholders would have benefited to the extent of 85 per cent thereof, or, for this period 1922-1928, inclusive----	120,000,000
	<hr/>
	196,500,000
Received by the United States Government, 1922-1928, in total import duty payments on artificial silk, artificial horsehair, and products of cellulose (see Table No. 17)-----	42,668,282
Benefits to English stockholders, 4½ to 1 against the American consumer.	

ACETATE RAYON YARN SHOULD BE REPLACED IN PARAGRAPH 1301 OF SCHEDULE 13 BY RESTORING TO SAID PARAGRAPH THE PHRASEOLOGY "BY WHATEVER NAME KNOWN AND BY WHATEVER PROCESS MADE"

The economic position of acetate rayon yarn is deserving of close study because of the developments of the past few months.

Paragraph 1213 of the tariff of 1922 provides for rates of duty for rayon "by whatever name known and by whatever process made." In this phrase there is no subterfuge or evasion. To the layman it is evidently a clear intent to provide that all rayon yarns shall be similarly classified and similarly assessed. However, it has not so worked out in actual practice. About March, 1929, the Treasury Department at Washington rendered a decision which threw aside the provision "by whatever name known and by whatever process made," and classified acetate yarns under paragraph 31, and assessed duty at the rate of 60 per cent ad valorem. This discrimination has been further accentuated in H. R. 2967, paragraph 31, section 2, under which the duty is increased to 80 per cent ad valorem.

The incongruity of this condition is clear when the facts are stated.

For a considerable time a smoke screen was thrown around acetate yarns through the effectiveness of advertising of a powerful producer of this type of rayon who had coined and copyrighted a name for acetate yarns, and refused to have them known as rayon. However, this preferred position for one producer was swept aside when three-fourths of the producers of this type of yarn in the United States, in a joint brief submitted to the House Committee on Ways and Means (Tariff Readjustment, 1929), said:

"The Viscose Corporation of America, the Du Pont Rayon Co. and the American Chatillon Co., or 75 per cent of the manufacturers of cellulose acetate yarns, have already stated in the press that we will call our product rayon and distinguish our respective products by trade-marked brands. In other words, three out of four manufacturers of cellulose acetate yarn will consider it rayon."

In the production of acetate rayon yarns the raw material (cotton linters) is cheaper here than abroad. The difference in costs is solely in the item

of labor, which is higher in the United States and is entitled to protection. Twenty per cent ad valorem is adequate for this labor item, and 35 per cent ad valorem is full protection for this yarn.

All rayon yarns, whether viscose, acetate, nitrate, or cuprammonium, are used for similar purposes, namely, component parts in knitting and weaving. There were reason and purpose in including in the present tariff, paragraph 1213, the provision "by whatever name known and by whatever process made." Nullifying this provision is unjustified. All rayon yarns should be similarly assessed.

Therefore, we request that acetate rayon yarn be removed from paragraph 31 and replaced in Schedule 13, paragraph 1301, by restoring to that paragraph the following: "By whatever name known and by whatever process made." This also would require changes in paragraph 1313 to conform with the above.

#### CONCLUSION

Reasonable rates of duty on rayon are a matter of most vital concern to us.

We respectfully repeat our request that, for the reasons hereinabove established, the rates of duty on rayon manufactures, under said Schedule 13, do not exceed the figures set forth below for the items as indicated, and that acetate rayon yarns be classified and assessed at the same rate of duty as rayon yarns manufactured by other processes:

Item	Maximum for adequate protection
Rayon yarns, singles, by whatever name known and by whatever process made:	35 per cent ad valorem; no specific duty.
Rayon yarns, singles, twisted 11 turns per inch but not exceeding 32 turns per inch.	45 per cent ad valorem.
Twisted more than 32 turns per inch.....	50 per cent ad valorem.
Rayon yarns, plied.....	40 per cent ad valorem; no specific duty.
Rayon waste, including cellulose acetate rayon waste.....	Free list.
Rayon filaments, including acetate, whether known as cut fiber, staple fiber, or by any other name.	10 per cent ad valorem; no specific duty
Rayon nolls.....	Do.
Rayon, garnetted or carded.....	15 per cent ad valorem, no specific duty.
Rayon, cut-fiber top, sliver or roving, including acetate.....	20 per cent ad valorem; no specific duty.
Spun rayon yarn, singles.....	35 per cent ad valorem; no specific duty.
Spun rayon yarn, plied.....	40 per cent ad valorem; no specific duty.
Rayon yarn for handwork and sewing thread.....	45 per cent ad valorem; no specific duty.
Rayon in bands or strips, not exceeding 1 inch in width, suitable for manufacture in textiles.	40 per cent ad valorem; no specific duty.

All the foregoing rates to be assessed on the net dry weight of yarn or fiber.  
Respectfully submitted.

Aslam (Inc.), New York City; Ivan B. Dahl (Inc.), New York City; Irving Horowitz, New York City; A. S. Neuburger, New York City; Stevens Yarn Co. (Inc.), by Frank Waldo, treasurer, New York City; John Wattawa, attorney, Southern Building, Washington, D. C.

## RAYON YARNS

[Par. 1301]

### STATEMENT OF ROYAL LITTLE, PROVIDENCE, R. I., REPRESENTING THE RAYON YARN ASSOCIATION

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

Senator SACKETT. Will you state whom you represent?

Mr. LITTLE. I represent the Rayon Yarn Association, and vice president of the Franklin Rayon Corporation, Providence, R. I.



Senator SACKETT. Mr. Little, what particular paragraph of the rayon schedule do you wish to speak to?

Mr. LITTLE. To the rayon schedule, as in paragraph 1301, on rayon yarns.

In other words, the matter which we are interested in is the matter of getting additional protection over and above the present proposed schedule on dyed and converted rayon yarns, there being a distinction between rayon yarn as such and the dyed and converted rayon yarns. I believe that there has never been any additional protection on that.

Senator SACKETT. You want to add a new section?

Mr. LITTLE. It is a question of adding an extra paragraph or a new section.

Senator SACKETT. Have you a paragraph you want to suggest?

Mr. LITTLE. I have. What I should like to do is to make a short statement regarding that phase of the industry. I should like to present that statement to the committee.

Senator SACKETT. Very well.

Mr. LITTLE. Along with the rapid expansion of the rayon industry in this country there has come a demand for dyed and converted yarns. This demand has built up an industry of dyers and converters of rayon yarns, mostly small concerns, scattered throughout the textile centers of the country, in order to better serve the customers for whom they do this specialty work.

It must be borne in mind that none of the rayon dyeing and very little of the rayon converting, other than coning, is done by the rayon producer, these concerns being primarily interested in selling natural yarns in skeins or on cones. Therefore, the consumer of dyed, twisted, or specially packaged rayon must either process his own yarns, or rely upon a rayon dyer or converter for this service.

We request additional tariff protection for our industry in addition to that already granted the rayon producers for the following reasons:

First. The present rayon duties in no way protect this industry.

Second. Between 1,500 and 2,000 business establishments in widely diversified parts of the country are now employing American labor and capital in this industry.

Third. Large quantities of foreign converted yarns are now being sold in this country, with a corresponding loss of business and non-employment of labor on the part of our American industry. Due to foreign labor costs being approximately one-sixth of domestic labor, it is impossible for American converters to compete in many cases, in view of the fact that domestic labor costs for dyeing and converting rayon represent a very substantial proportion, approximately 50 per cent on the average, of sales price.

Fourth. The dyers and converters of wool, cotton, and silk yarns receive additional tariff protection on dyed and processed yarns over and above the tariffs levied on natural yarns made for these fibers.

Therefore, we feel that it would be consistent for us to receive additional protection on dyed and converted rayon yarns.

The Rayon Yarn Association, representing a group of dyers and converters processing exclusively rayon, has considered and approved

the recommendations pertaining to additional duties made to you by the Silk Association of America. I think a representative of the Silk Association is to be the next witness.

Senator SACKETT. Can you tell us anything about the imports of this material?

Mr. LITTLE. The difficulty is that the imports of converted rayon are all grouped with the raw rayon, so it is very difficult, with the figures now available, to tell what is converted and what is in the natural state.

The Government, because of the fact that there has never been protection of this sort, has never made a distinction between converted rayon and raw rayon.

Senator SACKETT. You have some idea of the difference, have you not?

Mr. LITTLE. You mean in the tariff?

Senator SACKETT. Is there much coming in?

Mr. LITTLE. There would be several million dollars a year of imports of converted rayon.

Senator SACKETT. What has been running in the past?

Mr. LITTLE. It has been increasing, because the industry has grown very rapidly from practically nothing 10 or 15 years ago to quite a large industry now.

Senator SACKETT. What is your domestic production? What has it been in the past?

Mr. LITTLE. I should say the converted domestic production has been approximately 12,000,000 pounds.

Senator SACKETT. Has that been growing?

Mr. LITTLE. Yes. Both the imports and the domestic production have been growing, because the industry by itself has been growing approximately 10 per cent a year.

Senator SACKETT. Is the comparative growth as between the imported and the domestic production?

Mr. LITTLE. It is difficult for me to make anything more than a guess.

Senator SACKETT. We have to know something on which to base a duty. You say that that is what is needed. We would like to have some facts before us so that we may know whether or not the importer has been taking your business away from you.

Mr. LITTLE. It is a question of certain types of work which the domestic producers are unable to complete in, and in view of the fact that the Government has never prepared statistics along that line, it is rather difficult to make a specific statement in regard to poundage.

Senator SACKETT. I appreciate that; but you can tell us whether the domestic production has been increasing more rapidly than the imports.

Mr. LITTLE. No; I said that the two had increased approximately the same.

Senator SACKETT. That would indicate, would it not, that you are able to compete with the foreign supply?

Mr. LITTLE. No, because there are a great many types of work in which the labor cost is the larger element.

Senator SACKETT. Are you going to tell us what those types are?

Mr. LITTLE. That is discussed more in detail in the Silk Association's brief. They go rather more in detail on that. I was rather supporting the brief which they are about to present.

Senator SACKETT. Do you not get a 45 per cent duty and a 50 per cent duty, based on the cost?

Mr. LITTLE. No, because those duties now levied only apply on the raw rayon yarns, and this converting and dyeing of rayon is an entirely separate industry.

Senator SACKETT. I appreciate that.

Mr. LITTLE. The duties now applied do not in any way protect those dyers and converters of rayon. That protects the rayon industry.

Senator SACKETT. You get 45 per cent duty on gray rayon yarn coming in.

Mr. LITTLE. Yes, sir.

Senator SACKETT. What is the value of that gray yarn?

Mr. LITTLE. The gray yarn might be anything from 50 cents to a dollar on the other side.

Senator SACKETT. You get the 45 per cent duty based on that, do you not?

Mr. LITTLE. That duty—

Senator SACKETT. Is that not a fact?

Mr. LITTLE. That protects the rayon producer.

Senator SACKETT. But you do get that duty on the gray yarn?

Mr. LITTLE. On the raw rayon.

Senator SACKETT. Suppose the raw rayon has been converted abroad. What does that come in for then? What is the price for it then?

Mr. LITTLE. It varies entirely according to the process. It may be at anywhere from 20 cents to a dollar and a half a pound.

Senator SACKETT. Do you not get the 45 per cent duty on that from 20 cents up to \$1.50 a pound? For instance, if you get 45 per cent duty upon gray rayon yarn costing a dollar a pound on the other side, and then that yarn is converted and costs \$2 a pound by reason of the conversion, do you not get 45 per cent duty on the \$2 price?

Mr. LITTLE. Yes; and we felt this additional protection was warranted in view of the additional labor required in this country. In other words, what happens abroad is that a great many of the rayon manufacturers do this converting.

Senator SIMMONS. I suggest, Mr. Chairman, that the witness answer your questions, so that we can get the facts, and then he can make these arguments.

Senator SACKETT. You see the point I am making?

Mr. LITTLE. The point you make is that the present duty—

Senator SACKETT. Is an increased duty—

Mr. LITTLE. Of 45 per cent on the labor which has been put onto that work abroad.

Senator SACKETT. Is an increased duty to cover the cost of converting here.

Mr. LITTLE. It is a duty, but it is not an increased duty. In other words, it is a duty on that particular converting.

Senator SACKETT. It helps?

Mr. LITTLE. Oh, yes; it helps.

Senator SACKETT. It helps in the conversion, does it not?

Mr. LITTLE. Yes; it does.

Senator SACKETT. Therefore, it is not quite true to say you have no duty on the conversion.

Mr. LITTLE. Yes; I see your point there. The thing is that in referring to the other schedules on cotton, worsted, and silk—

Senator SACKETT. We are not talking about those things; we are talking about rayon. The fact that another class of people have been given a duty does not foreclose this question before us. We want to know whether that additional duty you get by reason of the increased value of the converted rayon that may come in is not sufficient to take care of the increase cost.

Mr. LITTLE. No, sir; the answer is that it is not, because it has been proven in the past that the converted yarn being brought in can undersell the domestic yarn.

Senator SACKETT. The gray yarns being brought in undersell the domestic gray yarns?

Mr. LITTLE. The situation now is just about an even break on that, I should say. I should say that the tariff as outlined is about adequate on that end of it, but not quite adequate on the converted end.

Senator SACKETT. How much additional duty do you ask for?

Mr. LITTLE. It amounts to approximately 20 per cent additional.

It is a little bit complicated. It depends on the amount of processing, and that is variable, depending on the number of turns.

Senator SACKETT. Did you present this question to the Ways and Means Committee of the House?

Mr. LITTLE. No, sir.

Senator SACKETT. It has not been presented before?

Mr. LITTLE. No, sir. As far as I know, this is a very new proposition.

Senator SACKETT. Have you any figures to show the difference in the cost of doing this work here and abroad?

Mr. LITTLE. Yes. The work which is done in Italy and France, the direct-labor cost involved, is about one-sixth of the labor cost involved here.

Senator SACKETT. That does not give us anything to go on. We would like to know the cost of doing this work here and the cost of doing this work abroad.

Mr. LITTLE. Here is an estimate that they have worked out in the Silk Association. They have developed in their argument the difference between the throwing charge, which is a specific item, in this country, and doing the same thing abroad.

Senator SACKETT. That does not refer to rayon, does it?

Mr. LITTLE. That refers to what is known as rayon twist.

#### STATEMENT OF DEAN HILL, NEW YORK CITY, REPRESENTING THE SILK ASSOCIATION OF AMERICA

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

Senator SACKETT. Will you state whom you represent?

Mr. HILL. I am representing Mr. Geier; I am sales manager of the Klots Throwing Co.

Senator GEORGE. Where is it located?

Mr. HILL. We have 10 mills operating; two in Virginia, two in Maryland, one in West Virginia, and five in Pennsylvania.

Senator SACKETT. What portion of the schedule do you wish to speak to?

Mr. HILL. On yarns; on protection for twisted rayon yarns.

Senator SACKETT. That comes in paragraph 1301?

Mr. HILL. Yes, sir.

Senator SACKETT (reading):

Rayon yarn, if singles, weighing one hundred and fifty deniers or more per length of four hundred and fifty meters?

Mr. HILL. Yes, sir. I have a brief I would like to submit.

Senator SACKETT. What is it that you want us to do? Have you anything to submit in addition to what is in your brief?

Mr. HILL. We are representing 75 per cent of the commission throwsters of America.

Senator SACKETT. What are they—importers?

Mr. HILL. The commission throwsters are spinners of yarn. The weaver will send to the commission throwster a certain amount of yarn to be twisted, and he pays us certain prices per pound for that twisting.

This is entirely a labor proposition. There are about 50,000 people employed in the commission throwing mills in this country, representing a pay roll of about \$50,000,000 annually.

We are not only representing capital, but we are representing labor here to-day, because the throwing industry has been built up with a protective duty. For several generations we have had a 20 per cent ad valorem duty on thrown silk, and all of the business of those people has been built up with the feeling that they would be protected with that duty.

Now we have a new thing, rayon, and we liken rayon to the radio and to the airplane to-day, because we do not know what it is going to lead to. But we do know that it has made a tremendous difference in our business in the past year.

It is a known fact in the textile industry that the commission throwster has been in a very bad fix for the last five years, ever since the war. It is rather the exception when we have made even 6 per cent on the capital invested. It has been a very hard struggle, and we welcome the rayon. We are perfectly willing to twist rayon, or silk, or anything they want to give us, so long as we can make some money. We have gone so long without it that we are willing and ready to do something.

Senator SIMMONS. Before rayon was introduced, your operations were confined almost entirely to silk?

Mr. HILL. Twisting raw silk.

Senator SIMMONS. State when the change took place.

Mr. HILL. It has been a gradual change, until the past 12 months.

Senator SIMMONS. I know that it has been gradual, but when did it begin? When did you begin this throwing of rayon?

Mr. HILL. We have been throwing rayon, I would say, about eight years.

Senator SIMMONS. Were you prosperous up to the time you began to throw rayon?

**Mr. HILL.** We have had a series of periods of prosperity. The greatest period of prosperity we had, of course, was during the war.

**Senator SIMMONS.** Of course; but I am talking about in normal times. Were you making money when you were confining your operations simply to the throwing of silk?

**Mr. HILL.** Yes.

**Senator SIMMONS.** Doing a profitable business?

**Mr. HILL.** Yes, sir.

**Senator SIMMONS.** Then your adverse conditions began, did they, with the time that you began to add to your silk operations, your rayon operations?

**Mr. HILL.** No, sir; I do not think that the rayon affected it at all, so far as the commission throwster is concerned.

**Senator SIMMONS.** Then you have been making as much out of your rayon operations as out of your silk operations?

**Mr. HILL.** Making more.

**Senator SIMMONS.** Now, you are complaining that you do not have sufficient protection in connection with rayon, or did not have sufficient protection, but did in connection with silk.

**Mr. HILL.** We are complaining of that now. It has only been within the last 12 months it has developed to the extent where we need it, and where they have been importing twisted yarns from abroad.

**Senator SIMMONS.** The importations began about a year ago?

**Mr. HILL.** Yes, sir.

**Senator SIMMONS.** And you are being swamped with those importations?

**Mr. HILL.** No, sir; I would not say we are being swamped, but we are commencing to feel the effect of it.

**Senator SIMMONS.** What is the proportion of the imports to the domestic output?

**Mr. HILL.** It is impossible to answer that because the Government has not segregated the twisted rayon from the other rayon. I can not give you those figures

**Senator SIMMONS.** Are you asking for the same duty now on rayon that you did on silks?

**Mr. HILL.** No, sir; we are asking for more. We must have more.

**Senator SIMMONS.** Why must you have more?

**Mr. HILL.** Silk is four or five dollars a pound, and you add the labor cost of converting it, and that would be, we will say, to have a figure, a dollar a pound, which will make \$6 a pound on the article being brought in. Twenty per cent of that is \$1.20.

In regard to rayon, on page 8 of our brief, we give the price of the largest domestic manufacturer for 100 denier rayon yarn twisted to four turns as \$2 per pound, compared with \$5 a pound for raw silk.

**Senator GEORGE.** Are you working up to capacity?

**Mr. HILL.** We are getting very close to it, because of the twisting of rayon.

**Senator GEORGE.** You simply perform a service?

**Mr. HILL.** Yes, sir.

**Senator GEORGE.** And you perform it on a flat basis of compensation?

**Mr. HILL.** Yes, sir; at so much a pound.

**Senator GEORGE.** So much per pound?

Mr. HILL. Yes, sir.

Senator GEORGE. And there is no unemployment in your business?

Mr. HILL. I can answer that best by saying there are many throwing mills shut down to-day.

Senator GEORGE. I understood you to say you were nearly up to capacity.

Mr. HILL. I am speaking of my own firm when I say that.

Senator GEORGE. How many throwing mills have been established in this country in the last five or six years?

Mr. HILL. Very few, I would say.

Senator GEORGE. When were they established?

Mr. HILL. They have been here for 40 years.

Senator GEORGE. They are simply the old silk mills converted into rayon-throwing mills?

Mr. HILL. No, sir; we can throw rayon on the same machinery as silk.

Senator GEORGE. Do you mean to say we have had rayon-throwing mills in this country for 40 years?

Mr. HILL. Yes; because you can throw rayon on the same machinery as silk.

Senator GEORGE. I had the impression that rayon was comparatively modern.

Mr. HILL. Yes; but the machinery is exactly the same.

Senator GEORGE. That is what I was asking you. You simply had your silk machinery and now you are using it for rayon?

Mr. HILL. Yes, sir.

Senator GEORGE. That is exactly what I asked you to start with. Is there any less employment in the rayon-throwing mills than there was in the silk mills?

Mr. HILL. I can not say that there is such a thing as a rayon-throwing mill.

Senator GEORGE. Let me ask you this question. How many men did you have employed in 1914 in your industry? I am speaking of the whole industry. You say you represent about 75 per cent of it. How many did you have in 1914? Give it to us by years, right down to the present time.

Mr. HILL. I can not do it. I can only estimate it. I would say if there are 50,000 now there probably has been a growth of 10 per cent from 1914 up to now, with practically no growth in five years.

Senator GEORGE. No growth in the last five years?

Mr. HILL. But the big growth was during the war.

Senator GEORGE. Yes, certainly.

Senator BINGHAM. Are there any mills that throw only silk and do not take rayon at all?

Mr. HILL. Yes, sir.

Senator BINGHAM. Are there any that throw only rayon and do not take silk at all?

Mr. HILL. I doubt it; there may be.

Senator BINGHAM. I understand that your contention is that owing to the falling off in the use of silk and the increased use of rayon a large number of mills are now idle?

Mr. HILL. No, sir; that is not true as yet.

Senator BINGHAM. You say that some mills are idle?

Mr. HILL. Yes, sir; but I do not say that it is because of that reason. They are idle because there is overproduction built up during the war. That is why our business has been so poor.

Senator BINGHAM. Of the silk or rayon?

Mr. HILL. There has been overproduction in spinning. There has been more spinning capacity than there has been work for it.

Senator BINGHAM. Is it your argument now that because of the cheaper price per pound of rayon that the ad valorem duty does not give you protection against foreign labor?

Mr. HILL. Certainly, and there is no added protection for the twisted yarn. There has been no provision made for that.

Senator BINGHAM. If you had a specific duty that applied in the same way, would that satisfy you?

Mr. HILL. Yes, sir.

Senator BINGHAM. What do you think that ought to be per pound?

Mr. HILL. In our brief we have asked for 2 cents per turn per pound, over four turns.

Senator SACKETT. Why did you not ask for it under four turns?

Mr. HILL. Under four turns comes under the regular rayon duty, which would be the 45 per cent.

Senator SACKETT. Does that take care of the situation under four turns?

Mr. HILL. I am not particularly interested in that.

Senator SACKETT. Does the 45 per cent take care of the situation?

Mr. HILL. I am not particularly interested in that, but I should think that it does. I am not here to ask for protection on rayon.

Senator SACKETT. Under four turns you consider simply rayon yarn?

Mr. HILL. Yes, sir.

Senator BINGHAM. What you want is a specific duty that will take care of the difference in the cost of the service you perform and that service when it is performed abroad?

Mr. HILL. We have to have it, or lock the doors of our mills sooner or later.

Senator SACKETT. Does that apply to the dyeing as well as twisting?

Mr. HILL. I think so, because dyeing is a service.

Senator SACKETT. Is dyeing abroad done by the cartels?

Mr. HILL. I do not know.

Senator SACKETT. Do you know anything about the cost of dyeing and twisting abroad as compared with the cost here?

Mr. HILL. I only know what the twisting costs are.

Senator SACKETT. What is the difference in the cost?

Mr. HILL. We know that in Italy and France the average daily wage is from 40 to 50 cents per day, and our wage here is from \$3 to \$4 a day.

Senator GEORGE. Is that done by hand or machine?

Mr. HILL. It is done by machine, and the machines are tended by girls and boys and men.

Senator GEORGE. What proportion of that is labor content?

Mr. HILL. It is almost safe to say 100 per cent; it is all labor. We use practically no materials.

Senator SACKETT. You use the same machines, do you not?



**Mr. HILL.** We use the same machines for the rayon that we use for the silk. We will have rayon running in the same mills with silk.

**Senator BINGHAM.** Do they use the same machines abroad that you do here?

**Mr. HILL.** I think that they do.

**Senator SACKETT.** Can you tell us what is the difference in cost per pound in Europe and in this country?

**Mr. HILL.** I would say that our cost on this unit we have spoken of here is certainly 95 cents a pound, and the labor cost in Europe would be one-sixth of that.

**Senator SACKETT.** But we want the total cost. We do not know whether it is one-sixth or one-fourth or one-third. What is the total cost of production?

**Mr. HILL.** We have not—

**Senator SACKETT.** You know that the tariff is supposed to be fixed on the difference in the cost of production at home and abroad. That is what we are trying to arrive at in the tariff. We would like to have some information to base the tariff on.

**Senator BINGHAM.** Your brief says that the difference in the selling price of the domestic and foreign yarns is 75 cents per pound.

**Mr. HILL.** Yes, sir.

**Senator BINGHAM.** Does that fairly represent the difference in the cost of production?

**Mr. HILL.** I believe that it does, on a basis of 95 cents. On the basis of that cost, one-sixth of that means about 15 cents, and taking that 15 cents from the 95 cents, you have pretty close to 75 cents.

**Senator BINGHAM.** Is the 95 cents that you speak of the labor cost or the total cost, including overhead and everything?

**Mr. HILL.** The overhead is in that, of course.

**Senator BINGHAM.** Do you believe that the foreign manufacturer can produce for 20 cents a pound, including his overhead, what it costs you 95 cents a pound to produce?

**Mr. HILL.** Very close to it, with the wages that they pay.

The reason that we were given a protective duty on thrown silk was because of the cheap labor in Japan, and we are facing that too.

**Senator SIMMONS.** What proportion of the entire cost of this thing is labor? You can not compare the total cost here with the labor cost over there. What we want is some intelligent statement as to the difference between the labor cost there and the labor cost here. The other elements of cost both there and here we can attend to ourselves later.

**Mr. HILL.** We have no means of getting—

**Senator SIMMONS.** They have as good machinery as you have, in all probability, and they have as skillful workmen as you have, in all probability.

Segregate now the labor cost from the other elements of cost, and compare the labor cost here with the labor cost there. What you are doing is comparing the total cost here with the labor cost over there, and that is utterly inadmissible in connection with the fixing of a rate.

**Mr. HILL.** We attempted to do something along that line last week. We cabled to Milan, and we have this reply:

Spinning girls' wages 10 lira daily, 500 spindles per girl, 10,000 revolutions per minute.

Senator SIMMONS. Will you not, for the benefit of those of us who are not financiers, when you are giving us these wages in lira and things of that sort, interpret that into dollars?

Mr. HILL. I was going to do that.

Senator SIMMONS. All right; thank you, sir.

Mr. HILL. It amounts to about four and a fraction cents, or about that, per lira, or the amount which, roughly, will take care of the 10 lira is 50 cents.

Senator GEORGE. How many spindles do they operate?

Mr. HILL. Five hundred spindles.

Senator GEORGE. How many spindles does a girl operate in your plant?

Mr. HILL. Approximately the same number.

Senator GEORGE. No more?

Mr. HILL. No; I mean that it is so close that we can say practically no more and no less.

Senator GEORGE. We have no higher efficiency here?

Mr. HILL. Yes; I should think we have, because we make a better yarn.

Senator GEORGE. Oh, you make a better yarn?

Mr. HILL. Yes; so we must be more efficient.

Senator GEORGE. You say you have no duty on this throwing now?

Mr. HILL. No, sir.

Senator GEORGE. Is throwing a process in manufacture?

Mr. HILL. Yes, sir.

Senator GEORGE. Does it come under the basket clause now?

Mr. HILL. I do not understand; I do not know.

Senator GEORGE. Under paragraph 1312 of this bill you have a provision for manufactures of rayon filaments, and so forth, what we call the n. s. p. f. clause—that is, covering manufactures not specially provided for. Would not throwing come under that clause?

Mr. HILL. No.

Senator GEORGE. If it is a process of manufacture.

Mr. HILL. No, sir. As I understand it, that is the making of rayon, is it not?

Senator GEORGE. It is under the rayon schedule.

Mr. HILL. Well, it is the making of rayon. We take the rayon after it has been made and put the twist in it.

Senator GEORGE. But that is a stage in the manufacture of rayon, is it not?

Mr. HILL. No, sir.

Senator GEORGE. It is a process of manufacture?

Mr. HILL. No, sir.

Senator GEORGE. What do you twist it for?

Mr. HILL. To be used for various purposes.

Senator GEORGE. Do you have to twist it?

Mr. HILL. Yes, sir.

Senator GEORGE. Then it is a necessary process in the manufacture?

Mr. HILL. No, sir; because you make a great many rayon goods without putting any additional twist in it.

Senator GEORGE. Then you do not twist that kind of goods, do you?

Mr. HILL. No, sir.

Senator GEORGE. That is what I thought. When you twist the yarn it becomes a stage in the manufacturing process.

Mr. HILL. Of the manufacturing process of rayon?

Senator GEORGE. Of any rayon product.

Mr. HILL. No, sir; it does not. It is rayon already made when we get it, just like the silk is made when we get it.

Senator GEORGE. The rayon schedule does not cover merely yarn; it covers all kinds of goods made of rayon. You have here a basket clause, "not otherwise specifically provided for," and when you twist yarn you, of course, are taking the next step.

Mr. HILL. I do not think you will find that covers crêpe yarns.

Senator GEORGE. I am asking you whether it does.

Mr. HILL. I do not think that you will find it does.

Senator GEORGE. I do not know why it would not, and I am asking you, as a manufacturer, why this clause does not cover it.

Senator SACKETT. This rayon schedule provides for 45 per cent and 50 per cent duty. What is the difference in the imported cost of plain yarn and that which is twisted?

Mr. HILL. You mean what is the cost of the imported plain yarns compared with the imported twisted yarns?

Senator SACKETT. Yes, sir.

Mr. HILL. I think that we have covered that on that same page.

Senator SACKETT. I am asking you the question.

Mr. HILL. The figure is \$2.35 for the thrown yarn, and, I believe, that same yarn could be bought at about \$1.50 unthrown.

Senator SACKETT. Then you get 45 per cent and 50 per cent duty on both kinds of imports?

Mr. HILL. Yes, sir.

Senator SACKETT. Then you have a pretty fair duty upon the twisting process, have you not?

Mr. HILL. No, sir.

Senator SACKETT. Forty-five per cent of \$1.25 and 45 per cent of \$2.50 is quite a difference.

Mr. HILL. Forty-five per cent of \$2.50 amounts to about a dollar.

Senator SACKETT. Does not that additional amount go as a duty on the twisting process?

Mr. HILL. Yes; that would be added.

Senator SACKETT. Is not that a fair duty for the twisting?

Mr. HILL. No, sir; it does not anywhere near protect us, because they can make it so much cheaper than we can.

Senator SACKETT. It is just a question of figuring what does protect it?

Mr. HILL. We have to have at least 75 cents a pound.

Senator SACKETT. You said that \$1.25 was the price for which you could import plain gray yarn.

Mr. HILL. I said \$1.50.

Senator SACKETT. And 50 per cent of that would be 75 cents.

Mr. HILL. Yes, sir.

Senator SACKETT. Twisted yarns come in at \$2.50; is that right?

Mr. HILL. Yes, sir.

Senator SACKETT. And 50 per cent duty on that is \$1.25.

Mr. HILL. Yes, sir.

Senator SACKETT. So that, as between the plain and the twisted, there is 50 cents additional duty?

Mr. HILL. Yes, sir.

Senator SACKETT. Is not that 50 cents sufficient?

Mr. HILL. No, sir.

Senator SACKETT. How much ought it to be?

Mr. HILL. But there is no duty; that is what we are asking for.

Senator SACKETT. You get 45 per cent on the cost of it, on the foreign value.

Mr. HILL. That is correct.

Senator SACKETT. The foreign value is \$2.50, and \$1.50 in the other case. There is a difference there. This gentleman sitting alongside of you seems to say not. What is your trouble about that?

Mr. GEIR. The \$1.50 includes—

Senator SACKETT. I am asking him about the foreign cost of the plain yarn.

Mr. HILL. I see what you mean. I took the cost in this market.

Senator SACKETT. I am trying to get at the difference between the twisted yarn and the plain yarn for import purposes, to see what the difference in the duty between the two is.

Mr. HILL. The cost would be, I should say, about \$1.10, and then adding the duty to it brings it to about \$1.50.

Senator SACKETT. What is it in the cost of the twisted?

Mr. HILL. I should say about \$1.50; that certainly would cover it.

Senator SACKETT. Then I do not see how you got the \$2.50.

Mr. HILL. I was figuring the sales price in this market in both instances, not the cost.

Senator SACKETT. Then there is a difference in the amount of duty paid on the plain yarn and on the twisted yarn.

Mr. HILL. Yes, sir.

Senator SACKETT. That difference in duty amounts to how much?

Mr. HILL. The 45 per cent on 40 cents, or roughly 20 cents.

Senator SACKETT. How much do you need?

Mr. HILL. We need 75 cents a pound.

Senator SACKETT. Then you want an additional duty of 55 cents a pound over and above what the present bill gives you?

Mr. HILL. Yes, sir.

Senator SACKETT. Have you anything further you want to say on this matter?

Mr. HILL. There was a gentleman who testified—

Senator SIMMONS. If I understand you correctly, you make no question about the sufficiency of the present 45 per cent upon these products until they have reached the stage of conversion.

Mr. HILL. Yes, sir.

Senator SIMMONS. You make no complaint about that. But you say from the point of the inception of the conversion manipulation, from that point on to the actual conversion it is necessary to increase that 45 per cent to 75 per cent?

Mr. HILL. Yes, sir.

Senator SIMMONS. So that you may be protected?

Mr. HILL. Yes, sir.

Senator SIMMONS. In other words, that this process of conversion adds the difference between 45 and 75 per cent?

Mr. HILL. Yes, sir.

Senator SIMMONS. To the protection that is necessary in order to give you protection against foreign competition?

Mr. HILL. Yes, sir.

Senator SIMMONS. Now, I want to ask you this question: Are the imports of rayon increasing or decreasing proportionately to the production in this country?

Mr. HILL. I think they are decreasing.

Senator SIMMONS. They are decreasing? The decreasing of the rayon—

Mr. HILL. You asked about rayon, and not the twisted; did you?

Senator SIMMONS. I asked for rayon.

Mr. HILL. Rayon, I think, is decreasing.

Senator SIMMONS. The imports of rayon are decreasing?

Mr. HILL. Yes, sir.

Senator SIMMONS. Are the imports of this converted rayon by the process that you use increasing in proportion to consumption?

Mr. HILL. Yes, sir.

Senator SIMMONS. To what extent?

Mr. HILL. It is hard to say, because the Government does not segregate them.

Senator SIMMONS. How do you segregate them if the Government does not?

Mr. HILL. Because of what our customers tell us about what they are using, that they are now using these foreign twisted yarns.

Senator SIMMONS. You can not possibly arrive at the total importations from what the customers of one plant tell them.

Mr. HILL. It is not just one customer. It is trade talk, market talk. We know what the various importers are doing. Our customers buy from them, and we get the talk, and we find that this is going on.

Senator SIMMONS. Then, you mean to say that it is generally understood in the trade that the imports of this manufactured product, up to the stage where you take it, are increasing?

Mr. HILL. Yes, sir.

Senator SIMMONS. Although the imports of rayon are not increasing?

Mr. HILL. Yes, sir; and, naturally, it would be increasing because of the low labor costs in Europe.

Senator SIMMONS. How far is the product removed from a finished product when you turn it over?

Mr. HILL. It is then ready to be woven. This yarn, generally, is used as filling—that is, on crossway goods.

Senator SIMMONS. Your unit is pounds, I believe?

Mr. HILL. Yes, sir.

Senator SIMMONS. Can you give us the actual cost in your factory of converting a pound?

Mr. HILL. Yes, sir; I said about 95 cents.

Senator SIMMONS. It costs you 95 cents?

Mr. HILL. That is with the overhead.

Senator SIMMONS. To convert a pound?

Mr. HILL. Yes, sir.

Senator SIMMONS. Have you ever tried to ascertain exactly what it costs to convert a pound abroad?

Mr. HILL. Only through this cable. This came up so quickly we have not had the time.

Senator SIMMONS. That is your total cost of conversion?

Mr. HILL. Yes, sir.

Senator SIMMONS. But you have not in your possession, which you can give the committee, any facts to show what the cost of converting a pound abroad is, leaving out this labor business? We have to look at it from a rather larger standpoint, because there are many elements in cost, and some are equal and some are unequal.

Mr. HILL. We estimate the spinning cost—the actual spinning cost—for 100 denier, 55 turns, at 12 cents a pound here.

Senator SIMMONS. Do you call that the spinning cost?

Mr. HILL. Yes, sir; just that one thing is 12 cents here.

Senator SIMMONS. Per pound?

Mr. HILL. Per pound, and in Italy it is 2.2 cents.

Senator SIMMONS. A pound?

Mr. HILL. A pound.

Senator SIMMONS. Does that include the total process, the spinning?

Mr. HILL. No; that is just one operation of the spinning. There are other operations. It comes in in skeins, and they have to treat it and wind it on bobbins, and then start the spinning process.

Senator SIMMONS. You have the foreign cost and the domestic cost of the spinning process. Why could you not get it as to the whole process of conversion?

Mr. HILL. You see that checks up with what I said, one-sixth.

Senator SIMMONS. I know, if you take a part of the problem it may work out.

Mr. HILL. The whole thing will work out in the same way.

Senator SIMMONS. How do you know that? Can you tell us that with safety? Are you willing to make that statement?

Mr. HILL. Because it is practically 100 per cent labor, and if we know that the labor there is one-sixth cheaper than our labor here, why would not the proposition work out?

Senator SIMMONS. What country are you talking about?

Mr. HILL. Italy and France.

Senator SIMMONS. What other countries?

Mr. HILL. We are very much afraid of Japan and China. Japan is now making raw rayon and they know what is happening in this country, and they will be spinning it soon.

Senator SIMMONS. You do not mean to say the labor cost is the same in France as it is in Japan?

Mr. HILL. It is much less.

Senator SIMMONS. Less in France?

Mr. HILL. Less in Japan than in Italy or France.

Senator SIMMONS. Your smallest importations are from Japan.

Mr. HILL. That is true.

Senator SIMMONS. Where you say the labor cost is less?

Mr. HILL. We fear the future from Japan. As soon as Japan knows that what she makes can come into this market without any duty they will flood the market, and Italy and France will do the same thing, because in the last nine months we have had a tremendous growth in the use of these goods.

Senator SIMMONS. How long have those rayons been coming in here?

Mr. HILL. Within the last nine months they have assumed large proportions. In my own company nine months ago we were not

running 1 pound of thrown rayon, but to-day one-third of our production is that. That is what it means to us.

Senator SIMMONS. You think that France has found that out, but Japan has not?

Mr. HILL. No; Japan is not making enough yet to care about the exporting of it, but they will be just as soon as they know they can send thrown rayon into this market without any additional duty, the same way that they did with raw silk.

Senator SIMMONS. Let me see. You tell the committee that the price of labor in France is how much per day?

Mr. HILL. About 40 cents a day.

Senator SIMMONS. As compared with how much here?

Mr. HILL. We have to pay our operators between three and four dollars a day.

Senator SIMMONS. And for that reason you want more duty?

Mr. HILL. Yes, sir.

Senator SIMMONS. You say that it goes as high as \$3.50 here or from two to three dollars?

Mr. HILL. From three to four dollars. In the twisting of this yarn we are forced to run the machinery day and night, and we pay our night help, men, as high as five and six dollars a night.

Senator SIMMONS. Why are you forced to run night and day? I have been told that one of the troubles in the whole textile industry was the overproduction as the result of running night and day. Why do you have to run night and day?

Mr. HILL. It is a technical proposition. This yarn is made in 55 turns in every inch, and if you stop the machinery in the afternoon and start it again in the morning, that yarn kinks and we have all kinds of trouble. If you let it stand from Saturday to Monday, it is a very serious proposition on Monday morning.

Senator SIMMONS. You can not finish it in one day?

Mr. HILL. No, sir; that is a continuous operation. And that has been going on for years.

Senator SIMMONS. Many of the textile industries are operating night and day without any necessity, and as a result we are having overproduction.

Mr. HILL. That is correct.

Senator SIMMONS. You are running night and day, you say, from necessity?

Mr. HILL. Necessity is correct.

Senator SACKETT. When you meet this foreign competition what sort of prices do you find twisted yarn offered for in this country?

Mr. HILL. I cited an example of \$2.35 a pound, compared with our price of \$3.50, a difference of 85 cents.

Senator SACKETT. Then you are practically going out of business on that basis?

Mr. HILL. We will have to, if rayon keeps going on the way it is going and has gone on the last 9 to 12 months.

Senator GEORGE. Why do you say that? Your production has increased?

Mr. HILL. Sure it has.

Senator GEORGE. There has been an abnormal use?

Mr. HILL. It is a new thing.

Senator GEORGE. Yes; and it has been rapidly expanding.

Mr. HILL. Yes, sir.

Senator GEORGE. And your production has increased?

Mr. HILL. Yes, sir.

Senator GEORGE. Just the same as the French and the Italian production?

Mr. HILL. Yes, sir.

Senator GEORGE. When will you reach a limit?

Mr. HILL. We have not got to worry about that.

Senator GEORGE. Will there be a further expansion?

Mr. HILL. There will be; we expect it. I would like to show you a piece of rayon crêpe [exhibiting sample]. This is a beautiful piece of goods, which is competing very seriously with silk of that weight.

Senator BINGHAM. Do you make that?

Mr. HILL. No, sir; that is made by one of our customers with that yarn.

Senator BINGHAM. Let me see if I understand this matter. There have been so many contradictions and misunderstandings about it. In paragraph 1301 of the House bill it is provided:

Rayon yarn, if singles, weighing one hundred and fifty deniers or more per length of four hundred and fifty meters, 45 per centum ad valorem.

Now, as I understand it, if it comes in untwisted it pays 45 per cent ad valorem, and if it comes in twisted it pays 45 per cent, and all the protection that you get on that is 45 per cent of the foreign cost of the twisting.

Mr. HILL. Correct.

Senator BINGHAM. Is that right?

Mr. HILL. Yes, sir.

Senator BINGHAM. And you assume the foreign cost of the twisting to be how much—the total cost?

Mr. HILL. The total cost—I said 40 cents.

Senator BINGHAM. Say 40 cents.

Mr. HILL. Yes; that is very generous.

Senator BINGHAM. Which would give you an additional duty on the foreign twisted rayon yarn of 18 cents.

Mr. HILL. Yes, sir; 45 per cent of 40.

Senator BINGHAM. That is 18 cents.

Mr. HILL. Yes, sir.

Senator BINGHAM. Your claim is that the difference in the cost of twisting here and abroad is so much greater than 18 cents that sooner or later you will have to go out of business?

Mr. HILL. Yes, sir.

Senator BINGHAM. Unless we give you a specific duty to take care of that condition?

Mr. HILL. Yes, sir.

Senator BINGHAM. You would then be satisfied, if following that sentence occurred the words—

Mr. HILL. That is lines 11 and 12?

Senator BINGHAM (reading):

*Provided further,* That in addition to the rates hereinbefore described there shall be levied the following cumulative duties: 2 cents per pound per turn.



How many turns per pound are there usually in this twisted yarn?

Mr. HILL. You mean in the straight yarn or the yarn after we have twisted it? After we have twisted it—

Senator BINGHAM. No; the twisted yarn that is competing with you.

Mr. HILL. It goes as high as 55 times.

Senator BINGHAM. That would be a specific of \$1.10.

Mr. HILL. Correct.

Senator SACKETT. Per pound?

Mr. HILL. Per pound.

Senator BINGHAM. And yet you claimed that the difference in cost was only 75 cents?

Mr. HILL. Yes, sir.

Senator BINGHAM. Do you not think that is rather extraordinary, to ask us to give you a profit of 35 cents a pound?

Mr. HILL. I do not see how you are putting on us any profit; we still have competition among ourselves in this country.

Senator BINGHAM. But you are asking for an additional specific of \$1.10 per pound on that yarn that competes with your twisted yarn, and you said that the difference in cost, as closely as you can figure it, is 75 cents. In taking those figures, why do you not revise this specific so that it will work out something like 75 cents instead of \$1.10?

Mr. HILL. We need that amount of specific duty.

Senator SACKETT. Is it not a case of your asking for all you hope to get, and will take what you can get?

Mr. HILL. Is that not customary?

Senator SACKETT. No; not before this committee, because you are under oath as to the necessity for that duty.

Mr. HILL. Might I say this: We do not know what is going to happen in rayon. A great deal has happened in the last five years. We do not know how much cheaper the raw rayon is going to be.

Senator SACKETT. We do not know either. We want to get at the facts.

Mr. HILL. Suppose that the raw rayon drops under 75 cents; then when you have only that duty we get that much less protection. We have asked for this to take care of the future.

Senator BINGHAM. If your specific were 1 cent per turn per pound, then you would get an additional 55 cents per pound, and you could keep the ad valorem on the difference in cost of 18 cents, and when you add that 18 cents to the 55 cents, you get 73 cents. If you have in figuring your differences used a little tolerance, if you got 1 cent per turn per pound, would you not be satisfied?

Mr. HILL. No; I do not think that that would be ample.

Senator BINGHAM. Of course, you would not be satisfied, but would not that be ample?

Mr. HILL. No; I would not be satisfied because I do not think it would be ample and fair.

Senator BINGHAM. You would rather have that than nothing?

Mr. HILL. We have got to have something.

Senator BINGHAM. What do you mean when you say that you have got to have something?

Mr. HILL. We will be out of business. Some years ago they gave us that protection on raw silk. Why are we not entitled to it on rayon?

Senator BINGHAM. Has unemployment been increasing in the last year or two in your mills?

Mr. HILL. No, sir; and the reason it has not is because the production is going up because of the fact that we have been making rayon, or twisting rayon.

Senator GEORGE. You have been making money; you have been making profits in your mill?

Mr. HILL. No, sir; we have not.

Senator GEORGE. You haven't made anything?

Mr. HILL. No, sir; we have lost money.

Senator GEORGE. Over what years?

Mr. HILL. Over the last three or four years; up until the start of this year. We are not the only people affected by this, but your cotton mills right in North Carolina and Georgia and in Connecticut are as well.

Senator GEORGE. I understand about the cotton mills and the silk mills.

Mr. HILL. The cotton mill also does this testing of rayon, and they employ labor in doing it, and they are doing lots of it right in North Carolina, Georgia, and Connecticut to-day.

Senator SACKETT. Is there anything else you wish to say in regard to this?

Senator SIMMONS. A number of the mills in operation in this country are owned in whole or in part by capitalists from abroad. are they not?

Mr. HILL. I don't think there are any with foreign capital throwing yarns.

Senator SIMMONS. I was asking about the rayon manufactures.

Mr. HILL. I don't know.

Senator SIMMONS. I suppose if there is that disparity in the labor costs of throwing here and abroad there must be the same disparity in the labor costs as to the other processes, and I was asking you if it is not a fact that capitalists in these several countries in Europe that are making this rayon are becoming interested in American rayon plants, and, in fact, some of them practically own large American plants?

Mr. HILL. I don't know who has the control of these new plants.

Senator SIMMONS. But you do know that a great deal of European capital from these countries where rayon is produced in Europe are investing in American enterprises of this kind, do you not?

Mr. HILL. No, sir; I do not.

Senator SIMMONS. You do not know it?

Mr. HILL. I do not say that they are or are not, but I do not know it.

Senator SIMMONS. A little while ago I understood you to say that you did not get any very large amount as a result of this ad valorem rate because of the very small labor costs to which that was applicable. That rate is not only applicable to the labor cost it is applicable to the total cost of the foreign product?

Mr. HILL. Yes, sir.

Senator SIMMONS. I know of no law that applies the 45 per cent to the labor cost. They apply it to the foreign price, either in the foreign market or the export price.

Mr. HILL. Yes, sir.

Senator SIMMONS. That includes many things besides labor, does it not?

Mr. HILL. Yes, sir.

Senator SIMMONS. This bill provides that if that valuation is not satisfactory, then it may be applied to the United States price on this foreign article?

Mr. HILL. Yes, sir.

Senator SIMMONS. What is the difference in the selling price in the United States market of these foreign rayons and the domestic rayon?

Mr. HILL. Of the twisted yarn, you are speaking of?

Senator SIMMONS. Yes.

Mr. HILL. A difference of 75 cents.

Senator SIMMONS. The selling price of the foreign product in the American market as compared with the selling price of the domestic product in the American market?

Mr. HILL. Seventy-five cents.

Senator SIMMONS. How much?

Mr. HILL. Seventy-five cents a pound.

Senator SIMMONS. A foreign product brought up to the stage to which you carry it in the process of manufacturing you say sells in the open American market at 75 cents a pound less than a similar product produced in America?

Mr. HILL. Yes, sir.

Senator SIMMONS. In an American mill?

Mr. HILL. Yes, sir.

Senator SIMMONS. What is the total value of that pound, domestic and foreign. Give us the two prices. In the American market I mean. Here is an importer who buys the foreign product and puts it on the United States market. That is the United States price, isn't it?

Mr. HILL. Yes, sir.

Senator SIMMONS. Here is the domestic producer who produces it and puts it on the American market, and that is the American price?

Mr. HILL. Yes, sir.

Senator SIMMONS. Now give us the difference in the pound of that kind on the American market on the basis of the United States price for the foreign product and the American price for the domestic product.

Mr. HILL. Seventy-five cents.

Senator SIMMONS. Seventy-five cents a pound?

Mr. HILL. Yes.

Senator SIMMONS. What is the total price—the total American price?

Mr. HILL. \$3.10.

Senator SIMMONS. The total American price is \$3.10?

Mr. HILL. Yes, sir.

Senator SIMMONS. And the total United States price is how much?

Mr. HILL. You asked me for the total American price, which is \$3.10.

Senator SIMMONS. That is the price at which the domestic product is sold. The price at which the foreign product is sold is what?

Mr. HILL. \$2.35.

Senator SIMMONS. In the American market?

Mr. HILL. Yes.

Senator GEORGE. I do not want to repeat, but when did you say you had begun this operation which you described as throwing? I mean in your mill.

Mr. HILL. Of rayon?

Senator GEORGE. Yes.

Mr. HILL. The last 12 months.

Senator GEORGE. The last 12 months?

Mr. HILL. Yes.

Senator GEORGE. Then, when you speak of losing money you lost that money before you engaged in the throwing of rayon?

Mr. HILL. Yes.

Senator GEORGE. Since you commenced the throwing of rayon you have been making money?

Mr. HILL. Yes, sir. It has been a wonderful help to us.

Senator SIMMONS. Did I understand you to say that was 75 cents more a pound after the duty has been paid?

Mr. HILL. Yes, sir.

Senator SIMMONS. How in the world can you live at all, if that is so? Don't they utterly drive you out of the market?

Mr. HILL. They are.

Senator SIMMONS. They are?

Mr. HILL. They will, if they are allowed to come in without paying an extra duty for their labor.

Senator SIMMONS. Driving you out of the market?

Mr. HILL. Yes.

Senator SIMMONS. Why haven't they done so already?

Mr. HILL. It is a recent development. And the beauty of the development is this: It is going to drive out raw silk. And it means the women will wear clothes made out of rayon, which will be made in this country, and we will not be paying the millions of dollars into Japan for raw silk. It is a great economic question which will mean the salvation of the textile business.

Senator SIMMONS. Do you mean under these conditions rayon will survive and silk will perish?

Mr. HILL. I predict, and everything that has happened in the last 12 months proves, that rayon will now start taking the place of silk. Those highly twisted yarns we have developed in this country—and Mr. Gier mainly is the one who deserves the credit for it. They developed a cloth using this highly twisted yarn, and it is to-day taking the place of silk. For the first time in history rayon is becoming a real competitor.

Senator GEORGE. As I understand it, since you began this process of highly twisting rayon you have been making some profit. But what you anticipate will happen is that you will lose that, and in the very near future, because of the increasing production abroad.

Mr. HILL. That is what we are afraid of, that as the demand in this country for that twisted yarn develops they will start importing more and more all of the time.

Senator GEORGE. In other words, responsive to its greater demand you anticipate you will be met with this competition which you can not face successfully?

Mr. HILL. Yes, sir.

Senator GEORGE. I think I understood you, but I want to ask this question. Is the rayon yarn that is imported in competition with the rayon twisted here described also as thrown yarn? The imports, I mean.

Mr. HILL. Is it described as that where?

Senator GEORGE. Is it thrown yarn?

Mr. HILL. Yes, sir.

Senator GEORGE. The imports?

Mr. HILL. We call it thrown rayon.

Senator GEORGE. Thrown rayon?

Mr. HILL. Yes, sir; the same as we speak of thrown silk. It is a foolish word; it is confusing.

Senator GEORGE. Yes, it is.

Mr. HILL. It is really spinning, adding twist.

Senator GEORGE. This rayon is thrown which is imported and which you now fear is about to be imported in constantly increasing quantities?

Mr. HILL. Yes, sir.

Senator SIMMONS. I have been told that the rayon that has been coming into this country is of an inferior quality to that which is being produced here. Is that true?

Mr. HILL. Well, I can only answer that from my experience in processing. I am processing now both foreign yarn and domestic yarn. And I think as a whole that the domestic yarn is better than the foreign yarn.

Senator SIMMONS. You think it is better?

Mr. HILL. Yes, sir. One gentleman who wants a lower tariff on rayon and who says we should not have any protection at all—and he is an importer—says that they want cheap rayon in the South. Why, the South is going ahead in leaps and bounds in the manufacture of rayon goods. I happen to know something about it. I had my textile education at Georgie Tech, and I know considerable about the South and what they are doing there. The South wants real good rayon. They have to have it to compete with the eastern mills.

Senator SIMMONS. I think you are right, but some of the bigger mills in the South are owned largely by foreign capitalists. But, that aside, a little while ago you were talking about the difference in the costs of the foreign and the domestic articles in the American market. You now tell me that the foreign product is an inferior product.

Mr. HILL. The raw material.

Senator SIMMONS. The raw material is inferior?

Mr. HILL. Yes, sir.

Senator SIMMONS. Does that have anything to do with the lower price?

Mr. HILL. I do not think so. We are today using this foreign raw material and making it into yarn, and it seems to be satisfactory to our customers. They send it to us to be done.

Senator SIMMONS. You manipulate that foreign yarn in a way to make the goods you produce out of it superior to the goods the foreigner produces out of it? Now, I am asking the question, is the difference in the price between these two products in the American market due in part to the fact that the foreign product is inferior?

Mr. HILL. No, I don't think there is that much difference in the quality.

Senator SIMMONS. Then you say that the difference in the quality has nothing to do with the difference in price?

Mr. HILL. The one point I would like to leave with you is that commission throwing is purely a labor proposition. They send it to us, so many pounds to be thrown, and we put it onto our machinery and put it up in the desired package and send it back to them. It is purely a labor proposition.

Senator SACKETT. And it costs you more to do it than it does elsewhere, and if they had the capacity to do it you would be out of business?

Mr. HILL. Of course, we would.

Senator SACKETT. Is there anything else you wish to add?

Mr. HILL. Nothing that I know of.

Senator SACKETT. The next witness is Mr. Reiling.

Mr. Hill. I was representing Mr. Reiling.

Senator SACKETT. The next, then, is Mr. Geier.

Mr. GEIER. Mr. Hill spoke for me also.

(Mr. Hill submitted the following brief:)

BRIEF OF THE SUBCOMMITTEE ON RAYON CRÊPE TARIFF OF THE COMMITTEE ON LEGISLATION OF THE SILK ASSOCIATION OF AMERICA (INC.)

THROWN OR TWISTED RAYON YARN—PARAGRAPH 1301

COMMITTEE ON FINANCE,

*United States Senate:*

This brief is submitted by the subcommittee on rayon crêpe tariff of the committee on legislation of the Silk Association of America (Inc.), 468 Fourth Avenue, New York City, on behalf of the manufacturers engaged in the process of throwing or twisting rayon yarns, representing approximately 80 per cent of the industry in the United States.

ITEMS AND PARAGRAPHS IN WHICH INTERESTED

Rayon yarn is provided for in paragraph 1301 of H. R. 2667. Recommendations for additional duties on hard-twisted rayon yarn and on such yarn in more advanced "put up" than in skeins were submitted to the Committee on Ways and Means of the House by manufacturers of rayon yarns and were supported by the Silk Association of America (Inc.). (Hearings, Committee on Ways and Means, 1929, pp. 6570, 6746-6748, 6796-6797, 6804-6805.) These recommendations were not adopted by the House. The throwsters were not directly represented before the House committee and desire to renew the suggestions there made as being of vital importance to their industry.

CHANGE IN DUTIES RECOMMENDED

(1) On rayon yarn having more than four turns per inch we request an additional duty of 50 per cent ad valorem, or a specific duty equivalent thereto.

(2) On rayon yarn having four turns or less per inch and wound on cones, tubes, quills, cops, spools, or similar put-ups other than skeins, we request an additional duty of 20 per cent ad valorem.

(3) On rayon yarn dyed we request an additional duty of 20 per cent ad valorem.

The phraseology for embodying these changes in the form of a proviso to paragraph 1301 is set forth below.

#### REASONS FOR SUCH RECOMMENDATIONS

The processing of rayon yarns by American labor is a new industry, which has developed since the passage of the tariff act of 1922 and grown to such magnitude as to become a very important branch of the textile industry. Being of more recent development, this industry was given no protection whatever when the tariff act of 1922 was framed. The processing referred to consists in the "throwing" or "twisting" of the yarn, the winding of the same on cones, tubes, quills, cops, spools, or similar put-ups other than skeins, and the dyeing of the yarn.

#### "THROWING" OR "TWISTING"

This process is not to be confused with the "plying" of rayon yarn. Plied yarn, which is subject to the basic rates of paragraph 1301 plus an additional duty of 5 per cent ad valorem, is produced by grouping two or more single yarns together, it being that process which is taxed with the additional duty of 5 per cent.

The throwing or twisting of rayon yarn here referred to is a process distinct from plying and consists in adding twist to the single or plied rayon yarns to give them an aggregate twist of more than four turns, which operation involves the same kind of work and labor as the throwing of natural silk. In the latter the individual filaments are parallel, are grouped according to the number desired to produce a result, and are then twisted or thrown to the required number of turns per inch to make a silk yarn suitable for specific use.

The individual filaments in the raw or natural silk are parallel with each other because the silk worm spins a single filament, and the multiples of such filaments in silk yarn are held together by the natural gum. In the manufacture of rayon, which has no natural gum, the individual filaments are spun in multiples and twisted at the time of spinning to approximately four turns per inch to form a rayon yarn known to the trade as a single.

The rayon manufacturer is limited by mechanical and economic considerations to a maximum of four turns per inch. The addition of a greater number of turns in single or ply yarns represents additional labor applied by those who have their own throwing or twisting machinery, such as commission throwsters, manufacturers of broad goods, etc. The aggregate twist of plied yarn is the final twist of the plied yarn plus the average twist of the single yarn.

The necessity of protection to this part of the textile industry is recognized in the silk schedule, where, in paragraph 1203 of H. R. 2667, an ad valorem rate of 20 per cent is imposed on thrown silk. With raw or natural silk at \$4 to \$5 per pound, this protection is equivalent to at least 80 cents to \$1 per pound and is obviously higher, as thrown silk would naturally be more expensive than raw silk.

With the finer sizes or counts of rayon competing on an increasing scale with natural silk in the manufacture of crêpes, voiles, and other fine fabrics, requiring yarn in the singles containing as high as 60 turns per inch, it becomes of vital interest to the industries named that a proper measure of protection be accorded to this new and increasing development, involving as it does operations and processing beyond that performed by the general rayon manufacturers.

The rayon duties as proposed under Schedule 13 of the pending bill contain no provision recognizing the operation of throwing or twisting the yarn as above described. The provision for rayon yarn in paragraph 1301 makes no distinction between yarn containing four turns per inch and those with the greater number of turns, except in so far as the increment of value represented by the processing may be reached in a small way by the application of the 45 per cent ad valorem rate therein specified. As we shall hereafter show, the rate of 45 per cent on the additional labor represented by the throwing or twisting is wholly inadequate.

Furthermore, there is reason to believe that the prevailing duty on rayon yarn will be in the future, as it has been for some years past, the specific rate of 45 cents per pound, under which there would be no differential be-

tween yarns containing only four turns per inch and those of higher twist. Obviously, the ad valorem rate will be applicable only to rayon valued at more than \$1 per pound. The average price of all rayon imported for the first quarter of 1929 was 76.8 cents per pound, which would indicate that the average of the imports was subject to the specific rate of 45 cents per pound. The statistics of the Department of Commerce do not disclose what portion of the yarn imported had more or less than four turns. While 100 denier rayon yarn, which size and finer are principally used for the purposes above named, was entered in January, 1929, at an average of \$1.063 per pound and in February at \$1.13 per pound, on which basis the ad valorem rate would be applicable and give an equivalent slightly higher than 45 cents per pound. It is noted that entries of 100 denier rayon as low as 67 cents per pound were made in January.

Not only has Congress deemed it advisable to protect the silk throwing industry in paragraph 1203, as above stated, but in the new schedule proposed for rayon and manufactures thereof the policy of increasing duties to cover additional manufacturing processes has been applied in fixing the rates on manufactures of rayon in paragraphs 1304 to 1311, inclusive. The throwing of rayon yarn may be likened, so far as additional labor is concerned, to the other manipulations contemplated under paragraphs 1304 to 1311, and as such is entitled to be accorded similar protection. In fact, throwing is entitled to greater consideration because the entire process consists of additional labor.

#### SPECIAL "PUT-UPS"

Rayon is usually shipped from Europe to the United States in skeins. However, for the purpose of manufacture rayon must be transferred from the skeins into a put-up, or what is also called a package. A put-up or package may consist of cops, cones, tubes, spools, or others peculiar to the particular purpose for which the yarn may be used eventually in this country. The transformation of rayon from skeins into a package is exclusively a matter of labor, consequently, wages. The Europeans were quick to find out that they could perform the work of transferring rayon from skeins into a put-up at a cost so low that they were able, notwithstanding the increased shipping weight of these packages, to considerably undersell domestic manufacturers.

The labor and expense involved in manipulating rayon yarn into these special put-ups is not compensated by any additional duty either under the present tariff or the proposed bill (H. R. 2667). In other words, rayon yarn in packages is dutiable at the same rates as rayon yarn in skeins. While the rate herein proposed for rayon yarn having more than four turns per inch will cover put-up as well as the throwing process, the industry will have no adequate protection on rayon yarn having four turns or less per inch and put-up on cops, cones, tubes, spools, etc., unless a special provision is adopted for that purpose. We are accordingly suggesting such a provision.

#### DYEING

The same situation is involved in dyed rayon as the cost of dyestuff and labor charges of dyeing in Europe are so much lower than in this country that it is necessary to have additional protection on rayon imported in the dyed condition in order to protect the corresponding industries in this country.

#### IMPORTANCE, DEVELOPMENT, AND FUTURE PROSPECTS OF THE INDUSTRY AND NUMBER OF EMPLOYEES AFFECTED

At a very conservative estimate the silk throwing (spinning) plants of the country employ 50,000 people, 30,000 of whom are employed in the State of Pennsylvania alone, the others being divided among the Eastern and Southern States and Illinois. In addition to this a large number of the cotton spindles are now doing this class of work. The employees in this branch of the business are not separated from the balance of the industry, so its exact figures can not be given. The figures do not include the domestic rayon manufacturers who will likewise be vitally affected by the importation of these highly twisted and specially put-up yarns. It will thus be seen that adequate protection on processed rayon yarns is of vital interest to the thrown silk industry, to



commission throwsters, and rayon manufacturers, to manufacturers of broad mixed goods as well as to manufacturers of broad goods, both silk and cotton, who have their own spinning machinery.

There is every evidence that, if proper protection can be obtained, the industry has prospects of great future expansion which will directly affect employment of American labor. While the use of twisted rayon yarns for crêpe, voile, and other fabrics is a new development in this market, it is apparent that the use of fabrics containing twisted rayon yarns will increase and it is furthermore apparent that the tendency is and will be more and more toward the finer yarn numbers.

COMPARISON OF SELLING PRICES OF DOMESTIC AND FOREIGN TWISTED RAYON YARN

While complete data as to foreign labor costs has not been obtainable, the selling prices of the foreign twisted yarns afford convincing evidence of the wide cost discrepancy between the foreign and domestic product.

To illustrate this point we have selected 100 denier yarns, since this is the most important size that is being imported at the present time in large quantities.

The selling price in the United States of rayon yarn of 100 denier, 55 turns, on cops, of domestic origin, as compared with that of foreign origin, is as follows:

	Per pound
Price of largest domestic manufacturer for 100 denier rayon yarn twisted to 4 turns-----	\$2.00
Domestic charge for throwing above yarn to 55 turns and putting up on cops-----	1.10
Domestic selling price of 100 denier yarn, 55 turns, on cops-----	3.10
Italian yarn, grade A, 100 denier, 55 turns, on cops, sell in the United States for-----	2.35
Difference in United States selling prices of domestic and Italian yarn-----	0.75

It will thus be seen that the Italian grade A yarn, 100 denier, 55 turns, on cops, is being sold in this country for \$2.35 per pound as against \$3.10 as shown in the above calculation for the domestic product. These figures show a difference of 75 cents per pound in favor of the imported yarn.

Working back from the \$2.35 selling price of the Italian yarn, and deducting 45 per cent duty and 5 per cent transportation and handling charges, the foreign price of this yarn would be about \$1.56 per pound thrown, including the processing labor. Taking \$1.56 as the foreign price it will at once be seen that the discrepancy of 75 cents between the selling prices of the domestic and foreign product is about 50 per cent of the foreign value of the latter. It would thus appear that the duty of 45 per cent on the basic yarn failed by about 50 per cent of foreign value to give adequate protection to the hard-twisted product.

To substantiate the figures given above, French rayon dealers in France are selling 100 denier, A grade, thrown into 57 turns crêpe yarn, for 20 francs a kilogram more than the price of the raw rayon of the same grade. This difference of 20 francs per kilogram, at the present rate of exchange is equal to about 35½ cents per pound. The difference between the 35½ cents and the \$1.10 figured in this country would be 75 cents, the same as reached through a comparison of the Italian yarn shown above.

Although we have given only one example, namely, 100-denier yarn, it is evident that a proportionate discrepancy will exist with respect to any other size of yarn.

Indeed it is clear that if we are inadequately protected on 100-denier yarn, under paragraph 1301 of the pending bill, our protection will become less as the deniers become finer, due to the increased amount of labor required in processing the finer sizes.

We would call attention to the fact that the silk-spinning industry is one of the lowest paid in the United States, and, unless adequate protection is given to the labor in this industry, unemployment or a reduction in the already low rate of wage being paid is inevitable. We make this statement because we know that in a rayon-throwing plant in France or Italy operators are being

paid 50 cents to 55 cents per day for the same work for which American plants are paying \$3 to \$4 per day. In other words, foreign labor on this type of work is being paid at most one-sixth of what it is being paid in this country.

SOURCE OF IMPORTS, VOLUME, ETC.

The principal importations of rayon yarn come from France, Italy, Germany, Austria, Holland, and Belgium. But Japan, with her low labor cost, is a serious potential competitor because of the attention she is giving to rayon.

It is impossible to give the quantities of imported rayon yarn of the higher twists for the reason, as already stated, that the Department of Commerce statistics do not reflect any distinction between imported yarn having four turns or less and that having more than four turns; no such differentiation ever having been made by the tariff law, since this is a new development in the last two years.

There have, however, been substantial quantities of 100-denier rayon yarns of the higher twists imported and it now appears that there will be a further increase due to the lower processing costs of the foreign yarns and this increase is not only expected in the 100-denier yarns but in the finer deniers as well. This can be attributed directly to the lower labor rate in the throwing (spinning) process in Europe.

SUGGESTIONS AS TO CHANGES OF PHRASEOLOGY OR CLASSIFICATION IN PARAGRAPH 1301 OF H. R. 2667

We submit that the foregoing facts conclusively show that the industry concerned with the throwing or twisting of rayon yarns needs the following protection in addition to the basic rates provided for rayon yarns in paragraph 1301 of H. R. 2667

(1) An additional duty of 50 per cent ad valorem (or a specific duty equivalent thereto) for our labor on rayon yarns processed beyond the raw state, which is a single yarn with four or less turns to the inch.

(2) An additional duty of 20 per cent ad valorem (or a specific duty equivalent thereto) on rayon yarn having four turns or less per inch, when wound on cones, tubes, quills, cops, spools, or similar put-ups other than skeins.

(3) An additional duty of 20 per cent ad valorem on rayon yarn when dyed.

For the purpose of incorporating these recommendations into the pending bill we suggest that a proviso be appended to paragraph 1301 imposing such rates as additional and cumulative duties to the basic rates proposed for rayon yarn.

We give below two alternative suggestions, both embodying the language of paragraph 1301 in its present form, to which is added in italicized print a further proviso containing the suggested phraseology for effecting the above proposed changes. These suggestions differ only in that one of them proposes a specific rate on yarn of the higher twists and the other an ad valorem rate.

SUGGESTION 1

"PAR. 1301. Rayon yarn, if singles, weighing one hundred and fifty deniers or more per length of four hundred and fifty meters, 45 per centum ad valorem; weighing less than one hundred and fifty deniers, 50 per centum ad valorem; and, in addition, any of the foregoing plied shall be subject to an additional duty of 5 per centum ad valorem: *Provided*, That none of the foregoing shall be subject to a less duty than 45 cents per pound: *Provided further*, That, in addition to the rates hereinbefore prescribed, there shall be levied, collected, and paid on all of the foregoing rayon yarn (whether singles or plied), each of the following cumulative duties: When having more than four turns per inch, in the aggregate, 2 cents per turn per pound for each such turn per inch in excess of four turns; when having four turns or less per inch, in the aggregate, and wound on cones, tubes, quills, cops, spools, or similar put-ups other than skeins, 20 per centum ad valorem; when dyed, 20 per centum ad valorem."

SUGGESTION 2

"PAR. 1301. Rayon yarn, if singles, weighing one hundred and fifty deniers or more per length of four hundred and fifty meters, 45 per centum ad valorem:

weighing less than one hundred and fifty deniers, 50 per centum ad valorem; and, in addition, any of the foregoing plied shall be subject to an additional duty of 5 per centum ad valorem: *Provided*, That none of the foregoing shall be subject to a less duty than 45 cents per pound: *Provided further*, That, in addition to the rates hereinbefore prescribed, there shall be levied, collected, and paid on all of the foregoing rayon yarn (whether singles or plied) each of the following cumulative duties: When having more than four turns per inch, in the aggregate, 50 per centum ad valorem; when having four turns or less per inch, in the aggregate, and wound on cones, tubes, quills, cops, spools, or similar put-ups other than skeins, 20 per centum ad valorem; when dyed, 20 per centum ad valorem."

Respectfully submitted.

H. A. REILING,  
*Chairman.*

E. C. GEIER,  
H. C. GODFREY,  
DEAN HILL,

*Subcommittee on Twisted Crepe Tariff of the Committee on Legislation  
of the Silk Association of America (Inc.), 468 Fourth Avenue, New York City.*

Subscribed and sworn to before me this 8th day of July, 1929.

[SEAL.]

ANNA M. TIGHE, *Notary Public.*

**STATEMENT OF HIRAM S. RIVITZ, CLEVELAND, OHIO, REPRESENTING THE RAYON INSTITUTE**

[Including rayon filaments, par. 1302]

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

Senator SACKETT. Now, will you please speak so that all of us can hear you?

Mr. RIVITZ. I am representing the Rayon Institute of America, which, in turn, represents 85 per cent of the rayon manufacturers of this country.

Senator SACKETT. For what purpose do you appear? Did you appear before the House committee?

Mr. RIVITZ. No, sir.

Senator SACKETT. For what purpose do you appear here?

Mr. RIVITZ. I am appearing here to submit a brief which comes in the nature of an amendment to a former brief filed on February 11 before the House committee.

Senator SACKETT. On what subject?

Mr. RIVITZ. With reference to Schedule 13.

Senator SACKETT. Any particular part of it? There is a great deal in Schedule 13.

Mr. RIVITZ. Yes, sir. May I read it?

Senator SACKETT. Yes. But if you will give us some idea of what you are talking about we can follow it better.

Mr. RIVITZ. We are simply trying to change the wording in paragraphs 1301 and 1302.

Senator SACKETT. All right. Now, will you give us the change you wish to make?

Mr. RIVITZ. Paragraph 1301 provides only for the yarn. As it stands the filaments are not provided for. This latter could be imported under paragraph 1302 and by a simple manipulation converted into rayon yarns.

Paragraph 1302 is primarily intended to cover materials suitable for the manufacture of spun yarns. The "rayon filaments" pro-

vided for in paragraph 1302 should, therefore, be limited as to length.

It is, therefore, submitted that paragraphs 1302 and 1301 be amended so as to read (new matter italicized; deleted matter in black brackets):

**PAR. 1301.** Rayon yarns [if singles], threads and filaments, weighing 150 deniers or more per length of four hundred and fifty meters, 45 per centum ad valorem; weighing less than 150 deniers, 50 per centum ad valorem; and, in addition, any of the foregoing yarns plied shall be subject to an additional duty of 5 per centum ad valorem: *Provided*, That none of the foregoing shall be subject to a less duty than 45 cents per pound.

**PAR. 1302.** Rayon waste, except cellulose acetate rayon waste, 10 per centum ad valorem; rayon filaments *not exceeding 30 inches in length*, other than waste, whether known as cut fiber, staple fiber, or by any other name, 20 per centum ad valorem; garnetted or carded rayon, 10 cents per pound and 25 per centum ad valorem; silver or tops, 10 cents per pound and 30 per centum ad valorem.

Senator SIMMONS. You just want to add filaments?

Mr. RIVITZ. We wish to add "threads and filaments" and strike out "singles."

And we want to add "not exceeding 30 inches in length" in paragraph 1302.

It is explained right in this brief. I think I can best tell you why by reading.

The action of the House Ways and Means Committee in providing a separate schedule for this industry is in our opinion justified by the importance which the industry has attained. Their action in defining the products falling within this schedule under the generic term "rayon" is in recognition of the industry's effort, in cooperation with important retailing groups, to establish it in a generic way regardless of the technical differences of the several processes of manufacture.

Your committee is, therefore, asked to examine closely any amendments which may have as their object any plan to temporize with it or to evade it.

Those threads and filaments weighing less than 150 deniers—and if this were not inserted in the paragraph it could come in on spools under the waste item.

Senator SACKETT. Does it come in now?

Mr. RIVITZ. It does not.

Senator SACKETT. Then, if it does not come in now, why do you think any change is necessary?

Mr. RIVITZ. We think that by leaving out the word "singles" and substituting "threads and filaments" makes it more specific.

Senator BINGHAM. Why doesn't paragraph 1312 cover that?

Mr. RIVITZ. I haven't 1312 before me, sir.

Senator SACKETT. You say none of these filaments are coming in now under paragraph 1302?

Mr. RIVITZ. They are not coming in in that way.

May I read this brief?

Senator SACKETT. Yes.

Mr. RIVITZ. In the manufacture of rayon the chemical solutions are passed through tiny apertures and into chemical baths or otherwise to produce continuous "filaments." These filaments are then twisted together, generally to the extent of four turns per inch, to form rayon single yarns. A greater number of turns than four

to meet special requirements is a specialized job performed by the throwing industry. Grouping two or more yarns together is called plying.

The throwing industry, we understand, will appear before your committee in behalf of the necessary rates for its protection on highly twisted and specially packaged rayon yarns.

The Rayon Institute in its brief filed on February 11, 1929, with the Ways and Means Committee, pointed to the necessity for adequate rates for these special-purpose yarns, but the bill now before you contains no provision for them. The Rayon Institute indorses the principle of the throwing industry's request for proper protection.

Paragraph 1301 provides only for the yarns. As it stands the filaments are not provided for. The latter could be imported under paragraph 1302 and by a simple manipulation converted into rayon yarns.

Senator SACKETT. But you say they are not being imported under paragraph 1302. Is that correct?

Mr. RIVITZ. Not so far as I know. They might be.

Senator BINGHAM. Isn't that because in the present law threads and filaments are specifically mentioned with the 45 cents per pound?

Mr. RIVITZ. Yes, sir.

Senator BINGHAM. And in the new law they were left out?

Mr. RIVITZ. Left out.

Senator BINGHAM. In other words, the new law is not as protective, so far as threads and filaments are concerned, as is the present law, under which they are being kept out?

Mr. RIVITZ. That is correct.

Paragraph 1302 is primarily intended to cover material suitable for the manufacture of spun yarns. The "rayon filaments" provided for in paragraph 1302 should, therefore, be limited as to length.

It is therefore submitted that paragraphs 1301 and 1302 be amended so as to read (new matter italicized; deleted matter in black brackets) :

PAR. 1301. Rayon yarns, *[if singles,] threads and filaments*, weighing 150 deniers or more per length of four hundred and fifty meters, 45 per centum ad valorem; weighing less than 150 deniers, 50 per centum ad valorem; and, in addition, any of the foregoing yarns plied, shall be subject to an additional duty of 5 per centum ad valorem: *Provided*, That none of the foregoing shall be subject to a less duty than 45 cents per pound.

PAR. 1302. Rayon waste, except cellulose acetate rayon waste, 10 per centum ad valorem; rayon filaments *not exceeding thirty inches in length*, other than waste, whether known as cut fiber, staple fiber, or by any other name, 20 per centum ad valorem; garnetted or carded rayon, 10 cents per pound and 25 per centum ad valorem; silver or tops, 10 cents per pound and 30 per centum ad valorem.

The action of the House Ways and Means Committee in providing a separate schedule for this industry is, in our opinion, justified by the importance which the industry has attained. Their action in defining the products falling within this schedule under the generic term "rayon" is in recognition of the industry's effort, in cooperation with important retailing groups, to establish it in a generic way regardless of the technical differences of the several processes of manufacture.

Your committee is, therefore, asked to examine closely any amendments which may have as their object any plan to temporize with it or to evade it.

Since the time the briefs were submitted to the Ways and Means Committee of the House, further price reductions have occurred. Price on 150 denier A grade was \$1.50 per pound at that time. In March the price was reduced to \$1.35 and on June 17 to \$1.15. These adjustments resulted from the natural consequences of competition due to a continuing cutting of prices by importers, who at the same time have increased the volume of their business at the expense of the domestic industry. Imports are increasing at an alarming rate. In the year 1928 they were 12,749,916 pounds, at an average declared value of 85.6 cents.

For the first four months of 1929 the imports were 6,045,473 pounds, average declared price, 77.1 cents. The 1929 imports are, therefore, at the annual rate of upwards of 18,000,000 pounds, or 50 per cent ahead of 1928.

Senator SACKETT. Didn't it include some domestic competition as well?

Mr. RIVITZ. Yes; I believe it did.

Senator SACKETT. So it is not all importers' competition?

Mr. RIVITZ. The importers more or less set the price for the domestic producers.

Senator SACKETT. Which is the largest, the importing or domestic?

Mr. RIVITZ. The domestic is by far the largest.

Senator SACKETT. Don't the different domestic mills set the prices, too, as between them?

Mr. RIVITZ. They do. But ultimately they have to be guided by what the importers are doing to a large extent.

Senator SACKETT. That might be true as to rising price, but as to falling prices that would not be true, would it?

Mr. RIVITZ. Yes; I think it would be, Senator, because if we have an account and we are getting \$1.50 or \$1.15 or whatever the price may be, and the imported came in—it is not necessary to sell merchandise to establish prices.

Senator SACKETT. But suppose another domestic producer comes in and quotes a dollar; he can do it just as well as the importer?

Mr. RIVITZ. Oh, yes.

Senator SACKETT. And some of the falling prices are probably due to the intense competition among domestic manufacturers?

Mr. RIVITZ. Well, it is sort of beating around the bush on this proposition. The domestic producers could more or less maintain the legitimate profit. But it is the outside that is the disturbing factor all the time and running prices down.

Senator SIMMONS. One of the witnesses this morning spoke of selling on the American market at from \$2.50 to \$4 a pound. That must have been a good while ago, wasn't it?

Mr. RIVITZ. About five years ago, I imagine, rayon was selling at \$5.50 per pound, 150 deniers.

Senator SIMMONS. That was at the inception of the industry in this country?

Mr. RIVITZ. Oh, no.

Senator SIMMONS. It wasn't a very large industry at that time, was it?

Mr. RIVITZ. The industry is possibly 15 years old in this country, or 12 years old.

Senator SIMMONS. But it did not gain much headway till about eight or 10 years ago?

Mr. RIVITZ. Ten years ago they produced about 10,000,000 pounds.

Senator SIMMONS. At the inception you asked about the same price for this stuff as you did for silk, did you not?

Mr. RIVITZ. No; it was always less.

Senator SIMMONS. Slightly less, then? It has been going down very fast, has it not? That is, the price has been?

Mr. RIVITZ. At its inception the rayon sold for about a third of what silk sold for. It is even less than that to-day.

Senator SIMMONS. It is less than that to-day?

Mr. RIVITZ. Yes.

Senator SIMMONS. But it has been going down?

Mr. RIVITZ. Yes.

Senator SIMMONS. And going down right fast?

Mr. RIVITZ. Yes; as the production increased.

Senator SIMMONS. As the production increased it has been going down?

Mr. RIVITZ. Yes.

Senator SIMMONS. Therefore, the inference would be, or, rather, the logical conclusion would be, that the amount produced had something to do with it, or probably was the main factor in bringing it about?

Mr. RIVITZ. At the beginning it had a lot to do with it. At the beginning costs were cut tremendously because of increased production. But when you get to \$1.50 you arrive at the point where the profit is not so great; they are just normal.

Senator SIMMONS. It cost about as much five years ago to produce this as it does now?

Mr. RIVITZ. Oh, no; it costs much less now than then.

Senator SIMMONS. Have wages been falling?

Mr. RIVITZ. No; it is increased production and overhead.

Senator SIMMONS. Increased production does not have any particular connection with cost of production, does it?

Mr. RIVITZ. Oh, yes. Quantity production has a great deal to do with costs. To illustrate my point, Senator, a small plant to-day in the rayon business—and I know of three or four of them that you can buy for 50 cents and a dollar to-day because they can not make rayon and make a profit, whereas three or four years ago they made a handsome profit.

Senator SIMMONS. Then the reduction that has taken place in this country is not because of a decrease in wages, but it is because of the difference between mass production and small production?

Mr. RIVITZ. And a greater knowledge of technique in the manufacture of the new article, finer efficiency, better ways of handling it, more economies introduced into the business about which they did not know before.

Senator SIMMONS. And as those economies are being introduced into the business and reducing the cost of production the price in

America is going toward the level of the price in the foreign country where they had already brought about a state of efficient production, an economic production?

Mr. RIVITZ. Basically you are right. But there is another element entering into the proposition to-day. When the selling prices and the costs are so close together a great difference in labor between the foreign countries and our country steps in, and we are in a very difficult position on the imports.

Senator GEORGE. Can you tell us anything about the proposed merger in this industry?

Mr. RIVITZ. Yes; that is in Europe.

Senator GEORGE. Does it embrace any of the American mills?

Mr. RIVITZ. I imagine it would embrace possibly—well, I am not thoroughly posted on it.

Senator GEORGE. Doesn't it embrace this big Elizabethton, Tenn., mill?

Mr. RIVITZ. The Glanzdoff?

Senator GEORGE. And the one at Ashland, N. C.?

Mr. RIVITZ. The foreign corporation of which they are subsidiaries is the backbone of that organization in Europe. Whether it will take in the American plants or not I do not know.

Senator SIMMONS. They were not subsidiaries; they were independent concerns. The one at Elizabethton and the one at Ashland were independent concerns, but they have now become subsidiaries of a Holland establishment, as I understand it, from reading the newspapers. I don't know anything about it except what I have seen in the newspapers.

Mr. RIVITZ. I happen to know, Senator, the Glanzdoff corporation in Tennessee, as well as the Bemberg, are part and parcel of the Glanzdoff organization in Europe.

Senator GEORGE. What about the plant at Rome, Ga.?

Mr. RIVITZ. I know nothing about it. I think it is an independent at this time, but the Glanzdoff is a subsidiary of the Glanzdoff corporation in Europe, and part and parcel of it, lock, stock, and barrel, and every officer in that organization is a part of the organization in Europe.

Senator SIMMONS. I want to get at the real facts in this case as well as you. I do not want your industry swamped by foreign competition, and I am willing for you to have a competitive tariff. But it does not seem to me we are getting at the facts that are essential to enable the committee to determine what you are entitled to. We are getting a great many general statements, but what we want to know at this time are the conditions—not in the past, not in the future, but at this time—and we want to know what duty is necessary to put you upon a plane of rivalry and competition so that you will have some benefit over your foreign competitors in the American market based upon the valuation at which the foreign product becomes subject to the duty.

Mr. RIVITZ. I want to give you some facts if you have not got them. I want to give you some glaring cases right here in this country that will substantiate those facts. If I were writing this tariff I would write it more than 45 per cent and more than 45 cents. I would write it at least 50. The only reason we have not asked for 50 is the fear of being turned down.



Senator SIMMONS. Why do you think you ought to have 50? Is it because of present conditions or because of anticipated conditions?

Mr. RIVITZ. Because of present conditions. Our costs in this country are more than twice the costs of foreign manufacturers.

Senator SIMMONS. Are you simply talking about labor?

Mr. RIVITZ. No, sir. I am talking about the final product before it reaches the public, our actual cost.

Senator SIMMONS. Why can you not give us those two items? If you want to segregate it, all right, but we would like to get you to give us the cost of the goods.

Mr. RIVITZ. I can give you that.

Senator SIMMONS. Not only labor but the other cost abroad and the cost of production here, without any profit added at all.

Mr. RIVITZ. Our costs are about 80 cents a pound.

Senator SIMMONS. Without any profit?

Mr. RIVITZ. Without any administrative or selling expenses whatever. I think it is with depreciation. The costs abroad, in Germany, are possibly 40 cents a pound.

Senator SACKETT. What is the article?

Mr. RIVITZ. That is 150 denier.

Senator SACKETT. That is the yarn?

Mr. RIVITZ. The yarn.

Senator SIMMONS. Eighty as against 40?

Mr. RIVITZ. Yes, sir.

Senator SIMMONS. A little while ago we had it six times as great.

Mr. RIVITZ. I am speaking of the manufacture of rayon.

Senator SACKETT. What else do you want to say?

Mr. RIVITZ. I simply want to say, gentlemen, that this 45 per cent and 45 cents specific duty is all right. It will just about let us out. We would like to have a greater duty if we could get it, but we did not want to ask for it. The truth of the matter is that the small industries in this business, the small rayon plants—I could give you specific names if I did not want to violate a confidence—three or four small outfits—can not exist to-day, because they can not produce rayon under \$1 a pound or \$1.05 because of their limited capacity. You can not make rayon to-day at 80 cents—

Senator SACKETT. You could not expect us to take care by duty of those plants that were inefficient?

Mr. RIVITZ. I would not say they were inefficient. They are unfortunate in having only a two or three million pound production per year and can not get enough capital.

Senator SACKETT. If we took care of them with an adequate duty it would mean a tremendous profit to the other concerns?

Mr. RIVITZ. Possibly so.

Senator SIMMONS. That raises the question of whether we ought to fix a duty that would take care of the most efficient producer or whether we ought to fix a duty that would take care of the most inefficient, and therefore more than take care of the efficient manufacturer. That would be the logical result.

Mr. RIVITZ. I would like to have you designate the smaller plant, not as inefficient, because they are very efficient; but they are small

industries, and they are not up to the financial top in order to get money as easily as some of the others. They have not made the strides, and they have not the money to build plants.

Senator SIMMONS. But we can not classify them. We can not legislate as to th.e. We would have to give the big industry, the efficient industry, exactly the same treatment as all the others.

Mr. RIVITZ. Yes, of course.

Senator SIMMONS. Now that would be more than they were entitled to?

Mr. RIVITZ. No.

Senator SIMMONS. You might take advantage of that and mulct the American people. I do not say you would. I say the temptation would be very great to do so.

Mr. RIVITZ. The point I have not made clear to you is this: This specific duty that we are talking about is 150 deniers or greater, which is the only denier probably that the small producer can manufacture and get anywhere with. The finer deniers are simply out of the question entirely.

Senator SIMMONS. They are the only ones the smaller producer can make, but the larger producer makes them also, do they not?

Mr. RIVITZ. Yes, sir; they make them also, but the large producer is gradually getting into the larger deniers where the larger profit is made.

Senator SACKETT. Returning for a moment to your first point, putting filaments under section 1301. A tariff expert here makes this comment:

The idea of the House putting the filaments in 1302 was to make these usable as yarn. A manufacturing process had to be done in the United States to the filaments.

Is that a fact?

Mr. RIVITZ. Senator, I did not get you.

Senator SACKETT. He says that the idea of the House of putting the filaments in 1302, bringing them in at a cheaper duty—

Mr. RIVITZ. In 1302?

Senator SACKETT. You have asked to have these filaments all exceeding 30 inches in length taken out of 1302 and put into 1301?

Mr. RIVITZ. No; I think you got me wrong.

Senator SACKETT. You ask to have this rayon, yarn, thread, and filaments weighing 150 deniers, come in under 1301?

Mr. RIVITZ. Yes, sir.

Senator SACKETT. At the present time they come in under 1302?

Mr. RIVITZ. Yes, sir.

Senator SACKETT. You have asked to take them out of 1302 and put them in 1301. That is what you ask for?

Mr. RIVITZ. Yes, sir.

Senator SACKETT. The reason the House left them in 1302 was that they had to go through a manufacturing process in this country before they were usable as yarn?

Mr. RIVITZ. Well, 1302 has reference to waste.

Senator SACKETT. Well, this refers to rayon filaments.

Mr. RIVITZ. The purpose of that is if you restrict that, then you are conforming to the purpose of this paragraph, which is rayon waste, by restricting it to 30 inches in length. If you do not do that

then you are captioning a paragraph with rayon waste and really covering 1301 in yarns.

Senator SACKETT. I understand that, but rayon filaments over 30 inches in length have to go through a manufacturing process before they can become yarns; is that correct?

Mr. RIVITZ. Well, the purpose of this 1302 is for spun yarns, to use it for spun yarns; not for the same purposes as this at all.

Senator SACKETT. You do not get their idea. Do you not have to take those rayon filaments and put them through a manufacturing process before they can become yarns?

Mr. RIVITZ. I do not think that we quite understand each other. This 1301, Senator, is strictly yarn; 1302 is waste.

Senator SACKETT. Is a rayon filament over 30 inches in length a yarn?

Mr. RIVITZ. No.

Senator SACKETT. It is?

Mr. RIVITZ. Over 30 inches it would be a yarn.

Senator SACKETT. Would it not have to have further manufacturing process?

Mr. RIVITZ. A filament would have to be twisted to be known as a yarn.

Senator SACKETT. And that costs some money, does it not?

Mr. RIVITZ. Yes, sir.

Senator SACKETT. And that is the reason it is not put in 1301 in this bill, is that so? You are asking to have it put there. That is what the experts from the Tariff Commission say.

Mr. RIVITZ. We are only asking that 1301 be more specific with threads and filaments. In 1302 we are asking the committee to restrict it to 30 inches so this merchandise can be used for spun yarn only and can not be brought in as yarn under 1301.

Senator SACKETT. But it is not rayon yarn when it is brought in, is it?

Mr. RIVITZ. Well, if this were left out, not exceeding 30 inches in length, it might be possible that it could be brought in under the filaments at the 20 per cent, then twisted into a yarn.

Senator SACKETT. But it costs money to twist it into yarn, does it not?

Mr. RIVITZ. It does not cost that difference. It is a very slight manipulation.

Senator SACKETT. One of these gentlemen stated it cost 75 cents a pound more than it did in Europe to do it.

Mr. RIVITZ. Not twisting; not to put in four turns to the inch. I think he was talking about something else.

Senator BINGHAM. As I understand it, the duty under the present law on threads and filaments is 45 cents per pound?

Mr. RIVITZ. Forty-five cents and 45 specific, 45 per cent ad valorem, on 150 denier or higher.

Senator BINGHAM. The House bill puts the filaments down to 20 per cent ad valorem and did not give it any specifics per pound, is that right?

Mr. RIVITZ. Yes. You are referring to 1302, Senator?

Senator BINGHAM. Yes. Do you know why the House reduced the rates on rayon yarn when plied?

Mr. RIVITZ. When plied?

Senator BINGHAM. Yes.

Mr. RIVITZ. Are you still referring to 1302?

Senator BINGHAM. I am referring to 1301. The present law says that if it is advanced beyond the condition of singles by grouping or twisting two or more yarns together, 50 cents. That is a specific increase of 5 cents a pound.

Mr. RIVITZ. Yes.

Senator BINGHAM. Now, the new bill states that when any of the foregoing plied shall be subject to an additional duty of 5 per cent ad valorem, which I am informed is not as much as the present increase of 5 cents per pound specific.

Mr. RIVITZ. Yes.

Senator BINGHAM. Do you know why they did that?

Mr. RIVITZ. It is for the actual manipulation and the twisting.

**STATEMENT OF LEON H. RYON, REPRESENTING THE DELAWARE RAYON CO., NEW CASTLE, DEL.**

[Including staple fiber and rayon waste, par. 1302]

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

Senator SACKETT. Will you state whom you represent?

Mr. RYON. I am treasurer of the Delaware Rayon Co. and agent of the New Bedford Rayon Co.

Senator SACKETT. You are a manufacturer?

Mr. RYON. We manufacture rayon yarn.

Senator SACKETT. In this country?

Mr. RYON. In this country; domestic manufacturers; practically solely owned by domestic owners.

Senator SACKETT. You want to speak in reference to section 1301?

Mr. RYON. Sections 1301 and 1302. I want to support the Rayon Institute on the fact that the rayon industry, as a whole, including ourselves, believe that the protection that is at the present time included in the Hawley bill is what we need, in paragraph 1301.

The Rayon Institute represents 85 per cent of the industry in this country, and of that 85 per cent the Viscose Co. makes 60 per cent and the Du Pont Co. makes 18 per cent, so that in the Rayon Institute you have 78 per cent of the production in two companies. We are not in the Rayon Institute, and we represent part of the 15 per cent that is left after the 85 per cent is taken out.

As a part of that 15 per cent we find that to-day our costs are not as low as the 85 per cent because we are a smaller plant. While we think we are a very efficient plant, we can not keep our overhead as low.

Senator SIMMONS. What is the difference between your cost of production and the cost of production in the two big plants?

Mr. RYON. I have an affidavit from our auditor covering the year 1928, which I can submit, if you desire to have it, showing that for that time our cost was 89.4 cents per pound.

Senator SIMMONS. What is the cost of the big mills?

Senator SACKETT. That is, of the Viscose Co. and the Du Pont Co.?

Mr. RYON. I do not know their cost, except from the statement that has been made that it was 80 cents, plus selling costs.

Senator SACKETT. Does yours include the selling cost?

Mr. RYON. It includes selling and administration expenses.

Senator SACKETT. Then there is not very much difference between the two.

Mr. RYON. When you take our costs at 89.4 cents per pound, and then take 8 per cent of our capital, which I believe most firms are entitled to, by the usual method, with our capital of \$2,595,000—

Senator SIMMONS. All except agriculture.

Mr. RYON. It brings it to a substantial figure. It brings it close to \$1.09 a pound.

Senator SACKETT. I was asking whether there was much difference between 80 cents plus selling cost and your 89.4 cents, which includes the selling cost.

Mr. RYON. I think there is some difference; I do not know how much. Anyway, it has placed us in a position where we are not in the same position to meet competition as they are, and also there are other smaller mills in this country in the same position as we are.

While it is true that the bulk of the industry needs protection, we smaller plants also need protection, and we need it more than they do. However, we feel that the 45 per cent specific duty, which is practically the same as the 1922 tariff, is sufficient.

Senator SIMMONS. Is it your contention that the duty ought to be regulated according to the least efficient mill?

Mr. RYON. No. My contention is that the present rate of duty, which is 45 cents specific on rayon, has reacted to the benefit of both the importer and the manufacturer because of this fact. Their imports have been steadily rising each year, with practically one exception. In 1928 there were 12,000,000 pounds of yarn imported into this country, approximately. This year they are importing at the rate of 18,000,000 pounds, which shows that they are under no hardship under the present tariff law. I think that proves it conclusively.

Senator SIMMONS. They are importing more, but how much more are you producing in this country?

Mr. RYON. We are producing 30 per cent more in this country.

Senator SIMMONS. I think the figures rather indicate that the production in this country in 1927 was about 90,000,000 pounds.

Mr. RYON. Yes; that is right.

Senator SIMMONS. Now, it is up to 135,000,000 pounds?

Mr. RYON. In 1928 it was 100,000,000.

Senator SIMMONS. Then your production has increased in greater proportion than the imports, has it not?

Mr. RYON. Yes; it has.

Senator SIMMONS. A good deal more?

Mr. RYON. No; I would not say that. Production this year is estimated to increase 30 per cent over what it was last year, provided that all the yarn can be sold, and that can only be done provided we have not got competition from the imports. Also the figures show that the imports this year have correspondingly increased with the tonnage produced, almost the same percentage.

Senator SIMMONS. Is there any congestion in the rayon market?

Mr. RYON. At the present time there is. That is seasonal, however.

Senator SIMMONS. Is there more congestion in that market than in these other textile markets?

Mr. RYON. At times there is. It is seasonal, of course, just as in other markets. They make their summer goods in the spring and their winter goods they start on in the middle of the summer.

Senator SIMMONS. I think from what I hear that there ought to be harmony and cooperation between the cotton and the rayon manufacturers, especially in view of the fact that the cotton manufacturer consumes such a large percentage of the rayon output. That being so, it seems to me that they both ought to be treated somewhat alike, or on a parity, in the matter of tariff protection. One is not entitled to a higher rate than the other:

Mr. RYON. We are basing what we ask for on experience of the past 8 or 10 years.

Senator GEORGE. What did you say it costs you to make a pound of yarn?

Mr. RYON. It actually costs 89.4 cents.

Senator GEORGE. What do you sell it for?

Mr. RYON. I will give you our average sales price. Our average sales price in 1928 ran about \$1.08 a pound.

Senator GEORGE. You say that you represent 15 per cent of the rayon manufacturers, and that 15 per cent includes the smaller manufacturers?

Mr. RYON. Yes, sir.

Senator GEORGE. Smaller than the two larger ones?

Mr. RYON. Yes, sir.

Senator GEORGE. You have been getting along fairly well under the Fordney-McCumber bill?

Mr. RYON. We have been adequately protected, but we have always been up against foreign competition.

Senator GEORGE. Have you made money?

Mr. RYON. We have not made any more than a fair return on our capital.

Senator GEORGE. How much is your capital?

Mr. RYON. \$2,520,000.

Senator GEORGE. That is actual investment?

Mr. RYON. \$2,595,000.

Senator GEORGE. Money paid in?

Mr. RYON. Money paid in, or its equivalent. The equivalent would be machinery, processes, and engineering.

Senator GEORGE. What have you been earning?

Mr. RYON. Our earnings last year were \$177,000.

Senator GEORGE. What were they the year before?

Mr. RYON. We were not in business the year before, except in a very small way. Last year was the first year we have had any large business.

The French plants from which we receive our process at the present time are operating on a cost of between 43 and 42 cents a pound, that is, for the 150 and the 300 deniers, which are the two big numbers. I do not mean cost; I mean the selling price, but the cost is close to their selling price in Europe to-day.

You take the 43 cents a pound and add 45 per cent duty to that, plus a reasonable cost for sales, and so forth, and they can put rayon in this country to-day, which they are doing, at from 90 cents to

\$1.02½. From all the information I can secure, the general price for foreign rayon in this country is \$1.025 for 150 deniers, and 90 cents a pound for 300 deniers. That is an average which, if decreased in any way, would put the American producers where they would be selling at a loss.

Senator SIMMONS. That is to say, your costs are 89.4 cents, and theirs are 43 plus 45?

Mr. RYON. Yes.

Senator SIMMONS. That is 88?

Mr. RYON. Yes.

Senator SIMMONS. That puts you on a parity. They want some profit and you want some profit?

Mr. RYON. Yes, sir.

Senator BINGHAM. Does that figure include their profit?

Mr. RYON. No; that was practically the cost.

Senator SIMMONS. You say that is what they sold it for?

Mr. RYON. They are practically selling at cost. Conditions there have been in a very chaotic state. That is true in France and in Italy, and I believe in some of the other foreign countries.

Senator SACKETT. What do they put their goods in this country for?

Mr. RYON. That is hard to tell. With the 45 cents specific duty, there is no advantage in a man taking the lowest rate that he can for the Department of Commerce's statistical purposes. I can not furnish you any figures of sales on that, but we do know in the trade that rayon is being brought in here to-day at 70 cents a pound, with a 45 cents duty, and it is being sold for \$1.05. It can not be done, but it actually is happening.

Senator SACKETT. It is a dumping proposition?

Mr. RYON. I would say it was a dumping proposition.

Senator SACKETT. What else have you to tell us?

Mr. RYON. I think that is all with reference to paragraph 1301.

Senator SACKETT. Have you something to say in reference to the other paragraph?

Mr. RYON. Yes, sir; as to 1302. We are very much interested in staple fiber production in this country, although it has not been dumped in this country on any large scale by any manufacturer, due to the fact that several plants in Europe were in large production on that particular item and were importing the majority of the material used over here. They have appointed agents here and the agents are spinning yarn out of it. There is about 1,500,000 pounds used, and at a very high estimate 500,000 pounds used in this country.

Senator SACKETT. What is staple fiber?

Mr. RYON. I have a sample here [exhibiting sample].

Senator SACKETT. That is staple fiber?

Mr. RYON. Yes, sir.

Senator SACKETT. What is it made of?

Mr. RYON. It is made of cellulose, somewhat akin to the materials that are used for making rayon, except that instead of attempting to place it in the form of a yarn, with the prevailing twists of two and a half to four turns an inch, it is made up in bulk, and it is cut like that [indicating] and carded and spun the same as cotton yarn would be spun, usually on the same type of machinery. It has come in

use in greater quantities right along all the time, and it seems to be a product that is going to increase in demand by leaps and bounds.

Senator BINGHAM. That is carded like wool?

Mr. RYON. Yes; it is mixed also with wool yarns and with silk yarn.

Senator SACKETT. Is it similar to cut fiber?

Mr. RYON. It is cut fiber.

Senator SACKETT. What do you want to say in reference to the duty on that?

Senator SIMMONS. Is that made in this country at all?

Mr. RYON. About 500,000 pounds.

Senator SIMMONS. How much did you say was imported?

Mr. RYON. A million pounds. Those figures are not in the Department of Commerce records, but there have been newspaper articles that have appeared giving those figures, and the information also, I believe, is before the Ways and Means Committee of the House, where one of the importers stated that he imported more staple fiber during the year 1928 than was shown on the records, and that is because it has been brought under the 10 per cent clause.

Senator SACKETT. "Rayon filaments, other than waste, whether known as cut fiber, staple fiber, or by any other name, 20 per cent ad valorem."

Mr. RYON. That is the n. s. p. f. clause where it rests, except in the customs department. The 1922 act, to our minds, said very plainly 20 cents per pound on staple fiber, so they kept bringing it in.

Senator BINGHAM. "Artificial silk waste, 10 per cent ad valorem; artificial silk waste, not further advanced than sliver or roving, 20 cents per pound, but not less than 25 per cent ad valorem." That is the present law?

Mr. RYON. Yes.

Senator BINGHAM. Has anything come in under that paragraph and paid 20 cents a pound?

Mr. RYON. I can not answer that question.

Senator BINGHAM. Has any one ever succeeded in bringing it in as waste?

Mr. RYON. There is no question but that the records will show that those are brought in as wastes. For a long time that was protested against, and it was put under the n. s. p. f. rule at 20 per cent. It has been coming in at 20 per cent. I want to correct an error that was made. The tariff on this at the present time is 20 per cent. The average selling price of this material in this country to-day is 42.5 cents a pound, from all the information we can gather from responsible sources. That gives a tariff rate of easily 6 cents a pound and not 4 cents.

Senator SACKETT. Do you agree that that fiber ought to be on a 20 cents per pound basis?

Mr. RYON. Yes, sir.

Senator SACKETT. Instead of 20 per cent ad valorem?

Mr. RYON. Yes. That is our thought in the matter. We appreciate that that is quite an increase, and we have checked up on this material. We have run some of it at New Bedford and some at the plant in Delaware. Our investigation from every available source shows that there is going to be a big tonnage used.

Senator SIMMONS. What is the cost?



**Mr. RYON.** Around 57 cents.

**Senator SIMMONS.** Fifty-seven cents a pound?

**Mr. RYON.** Yes.

**Senator SACKETT.** Are there other mills going into this production at the present time?

**Mr. RYON.** We will have lots of competitors, I am sure, after we start.

**Senator SIMMONS.** You haven't any now?

**Mr. RYON.** The Du Pont Co. is making it and other companies have made it and are making it at this time. In other words, the Du Pont Co. make 250,000 pounds of that 500,000 pounds.

**Senator SACKETT.** Did any of you appear before the Ways and Means Committee of the House?

**Mr. RYON.** No, sir.

**Senator SACKETT.** You don't know whether this 20 cents was taken out of the suit that was brought? Where did the Ways and Means Committee get the 20 per cent ad valorem duty that they are putting on?

**Mr. RYON.** I don't know.

**Senator SACKETT.** I thought you said there was a suit?

**Mr. RYON.** No. At the present time staple fiber coming into this country is 20 per cent.

**Senator SACKETT.** Because of a Treasury ruling?

**Mr. RYON.** Yes.

**Senator SACKETT.** So they have adopted that in this act?

**Mr. RYON.** Yes, sir.

**Senator SACKETT.** You would like to have that set aside and put at 20 cents instead of 20 per cent?

**Mr. RYON.** That is right.

**Senator SIMMONS.** If you put it 20 cents what would be the ad valorem equivalent of that?

**Senator SACKETT.** It would be about 50 per cent.

**Mr. RYON.** About 50 per cent.

**Senator SACKETT.** If it is 8 cents it would be probably 55 per cent.

**Senator SIMMONS.** That is the raw material?

**Mr. RYON.** That is a raw material.

**Senator SIMMONS.** You want the raw material higher than the finished product?

**Mr. RYON.** No. There are special steps here. In other words, you have several steps here.

**Senator BINGHAM.** Your finished product comes in at 45 cents a pound?

**Mr. RYON.** Yes.

**Senator SIMMONS.** And you want to put the raw material at 50? You say that would be 50 per cent, but you say this is a raw material of the finished product, which is in the bill at 45 per cent.

**Senator BINGHAM.** Forty-five cents a pound.

**Mr. RYON.** It is 45 cents specific duty.

**Senator BINGHAM.** They are asking less than half of the specific.

**Senator SACKETT.** I think we get the idea. Is there anything else you wish to add?

**Mr. RYON.** Yes, sir. Rayon waste, which is waste of mills making rayon yarn, is a direct competitor of the fiber. Rayon waste

taken and processed is used for exactly the same purpose for which this is used, and almost wholly for those purposes. The two tie together. It would be useless to protect the fiber without making some additional protection on the waste.

Senator SIMMONS. Do you think the duty on this rayon, on the finished product and the raw material, ought to be higher than the silk duties?

Mr. RYON. I am not familiar with the silk duties. I always thought the silk duties were much higher than ours because of the fact of the price per pound.

Senator SACKETT. What would you have to do with the rayon waste?

Mr. RYON. With the rayon waste?

Senator SACKETT. Would you have to put that 20 cents a pound, too?

Mr. RYON. No; 15 cents a pound would cover that.

Senator SACKETT. And it is only 10 per cent ad valorem now?

Mr. RYON. Ten per cent ad valorem.

Senator SACKETT. That is a pretty big increase. What is the cost of waste?

Mr. RYON. Eighty-nine cents a pound in our plant.

Senator SACKETT. The waste?

Mr. RYON. That is our cost on waste.

Senator GEORGE. That is the same as the yarn?

Mr. RYON. Yes; it costs just as much to make the waste as it does the yarn.

Senator SACKETT. I am asking what the price is of imported rayon waste.

Mr. RYON. You mean the sale price of rayon waste?

Senator SACKETT. Yes.

Mr. RYON. Approximately 25 cents to 26 cents a pound.

Senator SACKETT. And 10 per cent of that would be 2½ cents?

Mr. RYON. Yes.

Senator SACKETT. Or about 2 cents?

Mr. RYON. Yes.

Senator SACKETT. Now, you want to raise that to 15 cents?

Mr. RYON. To 15 cents.

Senator SACKETT. That is about a 750 per cent increase in duty. You haven't much of a heart for the people sitting in this Senate, have you?

Mr. RYON. It narrows down to the question of whether or not the manufacturer in this country should enter into a business producing this particular material or not enter into that business. That is what it narrows down to. I appreciate the fact that it is quite an increase to ask, but after explaining the conditions I think you can see our viewpoint. If there is sufficient protection we can engage in the business. Under the present protection we can not engage in the business and make any money at it.

Senator SACKETT. You say here they are going into the business? The Du Pont people are?

Mr. RYON. No; they have been in it for some time.

Senator SACKETT. Are they making a success of it?

Mr. RYON. I don't know. They have never increased their capacity; so evidently they are not very keen about it.

Senator SACKETT. How does this material differ from the rayon waste? Is it rayon waste processed to make a staple fiber?

Mr. RYON. No.

Senator SACKETT. What is it made of?

Mr. RYON. To get a rayon waste in the form of that staple fiber—that is, to get it in those long straight fibers, we are of the opinion it would cost 15 cents per pound from the cost figures we have been able to obtain.

Senator GEORGE. Is that made as a separate product?

Mr. RYON. This is a separate manufactured product. Rayon waste is a waste.

Senator GEORGE. That is not a by-product?

Mr. RYON. No, sir. It is a manufactured product. Rayon waste is something you get in every plant.

Senator GEORGE. Can this be made out of rayon waste [indicating]?

Mr. RYON. No, sir. A similar material can be made out of rayon waste but it would not have the corresponding quality.

Senator BINGHAM. It would correspond to shoddy in wool?

Mr. RYON. I assume so.

Senator GEORGE. You say you have to have an increase on the waste?

Mr. RYON. They go together.

Senator BINGHAM. I do not see how they are tied together if you can not make this out of waste.

Mr. RYON. You can substitute waste for it. You can substitute waste, process it, and put it in practically the same condition as that [indicating].

Senator BINGHAM. Not if this is to be used as a carded material corresponding to a carded wool to make woolens. You have to have your long straight fibers, haven't you?

Mr. RYON. Your waste has long straight fibers in it, provided the kinks are combed down.

Senator SACKETT. What would it cost you to take a pound of waste to make a pound of substitute material for this?

Mr. RYON. I believe 15 cents a pound.

Senator SACKETT. Then why do you need 15 cents a pound on waste and 20 cents a pound on this [indicating]? I would think you would need 5 cents a pound on the waste.

Mr. RYON. Now, just a minute. That would bring your waste price, similar to staple, up to around 41 cents or 42 cents. Take 20 cents a pound on this stuff, and it would bring it almost to the same figure. In other words, those two figures will almost match each other, being in favor of the waste about 5 or 6 cents.

Senator SACKETT. What do you get for the raw material out of which to make this stuff?

Mr. RYON. Our raw material cost on that particular product?

Senator SACKETT. Yes. What is the raw material?

Mr. RYON. Wood pulp.

Senator SACKETT. Wood pulp?

Mr. RYON. Yes; but there are other chemicals and acids that go with it. The raw material costs around 22 cents.

Senator SACKETT. With the acids and everything in it?

Mr. RYON. Yes.

Senator SACKETT. What does the waste cost?

Mr. RYON. You can not really figure the cost of waste. It is just one of those things that you get. You do not make it; you do not want to make it.

Senator SACKETT. I know; but you can buy imported waste.

Mr. RYON. Oh, I see your point. I would say 25 cents to 26 cents a pound.

Senator SACKETT. Your raw material costs you 22 cents, out of which you make this, and the raw material as waste is 25 cents?

Mr. RYON. Yes, sir.

Senator SACKETT. It costs 15 cents to put the waste into the same shape as this is in?

Mr. RYON. Yes.

Senator SACKETT. That would make 40 cents?

Mr. RYON. Yes.

Senator SACKETT. What does it cost you to put your raw material into this shape [indicating]?

Mr. RYON. Our total cost on that, including our labor, overhead, and everything else, is around 57 cents a pound at the present time.

Senator GEORGE. Do you make that product now?

Mr. RYON. We are making some of this now.

Senator GEORGE. You say your mill is an independent mill?

Mr. RYON. It is an independent mill; yes, sir.

Senator GEORGE. Not connected with the New Bedford mill?

Mr. RYON. Yes; we are connected with the New Bedford mill, Senator. I thought you meant independent from any of the large producers.

Senator SACKETT. When you sell this [indicating], what do you sell it at?

Mr. RYON. At the present time we have an order at 50 cents a pound; but it is not enough.

Senator SACKETT. Fifty cents?

Mr. RYON. Yes.

Senator SACKETT. What is the substitute after processing selling for—to be a substitute for this?

Mr. RYON. Around 42 cents.

Senator SACKETT. There is a difference of 8 cents.

Mr. RYON. Yes; but this is a better product [indicating].

Senator SACKETT. It is a better product?

Mr. RYON. Yes.

Senator SACKETT. So it takes up a little of that 8 cents?

Mr. RYON. Yes. It is more uniform and you can make a better class of goods.

Senator SACKETT. There is only 2 cents a pound on waste, and I don't see why you are going to need 15 cents a pound on waste in order to protect yourselves against the waste, if you get your 20 cents on this [indicating]. I can not figure it.

Mr. RYON. As I say, one conflicts with the other. To build up a business on this, to get any production on that, you would have to get away from waste selling at half the price of it.

**STATEMENT OF HENRY H. ANNING, REPRESENTING THE  
COMMERCIAL FIBER CO. OF AMERICA (INC.), NEW YORK CITY**

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

Mr. ANNING. Our brief has been handed to the secretary and I would like to read just a very short statement.

Senator SACKETT. Who are you appearing for? Give your occupation and whom you represent.

Mr. ANNING. I am vice president of the Commercial Fiber Co. of America (Inc.)

Senator SACKETT. And you are representing that company?

Mr. ANNING. I represent that company.

Senator SACKETT. For what purpose do you appear here?

Mr. ANNING. To protest against the inclusion in tariff bill Schedule 1301 of the House bill, the 45 cents specific duty on rayon yarn.

Senator SACKETT. Are you a manufacturer?

Mr. ANNING. We are not.

Senator SACKETT. Are you an importer?

Mr. ANNING. We are importers of Italian yarn exclusively.

Senator SACKETT. All right. Did you appear before the House committee?

Mr. ANNING. I did not.

Senator SACKETT. Did anybody for your company?

Mr. ANNING. No, sir.

Gentlemen, as an officer of the Commercial Fiber Co. of America, an American corporation engaged in the importation of rayon yarns exclusively from Italy, I have asked you to hear me in protest against the inclusion in the proposed tariff bill Schedule 13, paragraph 1301 of House revenue bill 2667 of the specific duty of 45 cents per pound on all rayon yarns regardless of grade, value, or size, on the grounds that it is unnecessary, absolutely prohibitory on many of them, and unfair.

Senator BINGHAM. Does it not exist at the present time under the present law?

Mr. ANNING. It does.

Senator BINGHAM. Is it prohibitory at present?

Mr. ANNING. It is. I respectfully suggest that the duty be fixed on the ad valorem basis only as being a flexible, ample, and just rate.

In the last few years rayon has come into almost universal use among all classes of our people but to its greatest extent among that vast majority of us who are neither immensely wealthy nor poverty stricken. To the families of the great masses of our wage earners, business and professional men, it provides the comfort, self-esteem, and appeal of pure silk with serviceability at a moderate price. At the same time with this tremendous growth in the use of rayon it has rather enhanced the use of other fiber than supplanted any. We consume more cotton to-day than ever. We import and consume more real silk than ever. To many branches of the cotton industry in this country rayon has been a life saver. Combined with cotton rayon has added effects and advantages that have increased the use of cotton at a time when every style trend was away from

the use of cotton. I mention this merely to indicate to you that any legislation which affects any revenue of supply of rayon or fair competition in the industry affects the vast majority of our people.

I am heartily in accord with the principles of a protective tariff amply covering the difference between the cost of manufacture in this country and the cost of manufacture abroad, and I am content to believe that in 1922, when this 45 cents specific duty was first enacted, that the Congress had a satisfactory reason for arriving at that figure and making it a part of the Fordney-McCumber bill. But, gentlemen, that was seven years ago, and seven years is a long time in the rayon industry. Much has happened in those seven years. Reports show that the industry has been tremendously profitable in that time. Our domestic production has increased from 15,000,000 pounds in 1921 to over 99,000,000 pounds in 1928 and to 59,000,000 for the first six months of 1929. That is 13,000,000 pounds more for the first six months this year than were produced the first six months of last year; an increase alone in the domestic production for these six months greater than the total imports for the whole of the year 1928.

In that time, according to statements that have been made in the public press by the heads of domestic rayon industries, costs have declined. The domestic producers stated in 1921 that labor formed 75 per cent of the cost of production. Since that time it has been stated that labor represents 45 to 50 per cent, and with continued mechanical improvements it is undoubtedly less to-day.

While the wage earners in the rayon industry, according to the Department of Commerce in a survey covering only two of those years, increased 37.7 per cent the horsepower used increased 82.8 per cent. It is a small known fact that labor costs abroad and the standard of living have risen considerably in this same time so that this advantage of lower wages in Europe which existed in 1922 has materially decreased to-day.

Senator SACKETT. Can you give us the facts on that?

Mr. ANNING. I am sorry I can not give you the exact figures. It is involved. It is hard to get at.

Senator SACKETT. Can you give us an estimate?

Mr. ANNING. I am informed by the people who manufacture the rayon that we import that their books are open to the representatives of this Government at any time, and they will be glad to furnish the cost to them.

Senator SACKETT. But you are asking for something definite, and we would like to have some facts to go on, and not pure assertions. We have had testimony here this morning that the cost of labor over there was 40 cents a day and \$3.50 here. Now, have you anything to combat that at all?

Mr. ANNING. Costs vary, Senator, vary greatly, depending on the kind of labor. You might say 40 cents in one instance and it might be 68 in the same shop.

Senator SACKETT. That was in connection with twisting on machines.

Mr. ANNING. Yes, sir.

Senator SACKETT. Now, have you any facts in reference to that?

Mr. ANNING. I can not give you any figures on the twisting.

Senator SACKETT. Can you give us any facts to show the increase abroad that has taken place since the time mentioned?

Mr. ANNING. I can not.

Senator SACKETT. The increase in labor cost.

Mr. ANNING. It has been indicated in the public press at various times.

Senator SACKETT. You are simply going to make it as an assertion?

Mr. ANNING. Yes, sir.

Senator SACKETT. That, of course, does not carry any weight.

Mr. ANNING. I am merely giving it to you for your consideration.

Senator BINGHAM. He has been sworn to tell the truth, the whole truth and nothing but the truth.

Senator SIMMONS. A representative of the industry stated a few minutes ago that the relative costs here and abroad is 40-80, as I understood it.

Mr. ANNING. I beg your pardon?

Senator SIMMONS. That the relative cost here and abroad was as 40 is to 80; that is, about half.

Mr. ANNING. The cost of producing rayon?

Senator SIMMONS. Yes. That is what I understood.

Mr. ANNING. Well, of course, I do not know where he gets his figures, but from any deduction I have been able to make that is rather extreme.

Senator SIMMONS. The difference is not that great?

Mr. ANNING. I do not believe it is.

Senator SIMMONS. You do not think it is?

Mr. ANNING. No; I do not.

Senator SACKETT. But you have no facts or figures to show it?

Mr. ANNING. I can not supply figures because we are unable to get at the cost of any domestic manufacturer. I have been reliably informed there is no reason as to cost, either here or abroad, that has been made by any branch of this Government.

Senator BINGHAM. What were the imports of rayon last year?

Mr. ANNING. Approximately 12,000,000 pounds.

Senator BINGHAM. What were they the year before?

Mr. ANNING. In 1927 they were the largest. That was one of the largest years. The 1928 imports were 12,746,000; in 1927, 16,223,000; in 1926, 10,000,000; in 1925, 7,000,000.

Senator BINGHAM. What were they in 1924?

Mr. ANNING. One million, seven hundred and eleven thousand.

Senator BINGHAM. Then this terrible tariff you are talking about that was put on in 1922 of 45 cents a pound does not appear to have been prohibitory, if imports have gone up in the last two years from a million to 12,000,000?

Mr. ANNING. In the same time look at the increase in domestic production and consumption.

Senator BINGHAM. That is not the point. You said it was prohibitory. If it was prohibitory you could not have imported 12,000,000 pounds.

Mr. ANNING. It is prohibitory to-day.

Senator BINGHAM. You say it is prohibitory. Is there any being imported to-day?

Mr. ANNING. I have an idea the imports have been very largely shut off since the last domestic price level was reached.

Senator BINGHAM. That was because we put a tariff on, was it?

Mr. ANNING. That was in connection with the excessive tariff.

Senator SACKETT. That was because we put a tariff on, was it?

Mr. ANNING. That was in connection with the excessive tariff.

Senator BINGHAM. The tariff was put on in 1922?

Mr. ANNING. The importer has existed and imported rayons have sold not because of any great difference in cost heretofore or the tariff but because of the extraordinary profits and the higher prices that have been asked by the domestic producers. They have held the umbrella that has allowed the importer to come in, in spite of a duty in excess of the difference in cost.

Senator BINGHAM. Yet you say there is nothing to base that opinion on except what you read in the paper?

Mr. ANNING. General figures.

Senator BINGHAM. You and Will Rogers would be about equal in testifying.

Mr. ANNING. Producers stated in 1921 that raw materials were 10 per cent lower in Europe at that time. That difference has disappeared today. The base of all rayon is cellulose derived chiefly from wood pulp or cotton linters. Under the free trade in wood pulp the American manufacturer is under no disadvantage in obtaining either the Scandinavian or the Canadian product. In the case of cotton linters he has the distinct advantage of a local and steady supply.

As to chemicals, the Tariff Commission stated in a survey in 1925 that there are practically no tariff considerations affecting the availability of these chemicals and that the domestic supply was ample.

Coincident with these decreasing costs prices have declined, but profits have increased; the domestic price on 150 denier declining from \$2.50 per pound in 1922 to \$1.15 per pound in 1929. This 45-cent per pound specific rate, therefore, now amounts to from 75 per cent to 105 per cent ad valorem. I submit to you, gentlemen, that if this specific rate of 45 cents per pound were fair and protective in 1922 as covering conditions at that time, and the subsequent expansion and prosperity of the domestic rayon industry proves undeniably that it was, then in the light of these facts it is to-day unfair, unnecessary, and not only obsolete but harmful.

Senator BINGHAM. Is the rayon industry prospering to-day?

Mr. ANNING. We believe so, very much so.

Senator BINGHAM. Why do you not go into it, then?

Mr. ANNING. We are.

Senator BINGHAM. You are going into it?

Mr. ANNING. We are not going into it. We are in it.

Senator BINGHAM. You are in the manufacturing end?

Mr. ANNING. No; I am not a manufacturer. We are in the importing business.

Senator BINGHAM. You said the importing business was now about to disappear?

Mr. ANNING. Yes, sir.

Senator BINGHAM. Yet you say the rayon business is prosperous?

Mr. ANNING. Yes, sir.

Senator BINGHAM. Why do you not go into the manufacturing end of it, then?

Mr. ANNING. That requires more millions than I have.



Now, there is a most interesting situation in this proposed House bill affecting this industry and its relations with other textiles.

We have on one hand a proposed rate on bleached cotton yarn (par. 901 of H. R. 2666) amounting on 18s—

Senator SIMMONS. There is one question I would like to ask you. What has brought about this tremendous decrease in the price of rayons in this country? You said they were \$2 and something—

Mr. ANNING. \$2.50 in 1922.

Senator SIMMONS. \$2.50 in 1922. They are now \$1.15?

Mr. ANNING. Correct.

Senator SIMMONS. Now, what has brought about the tremendous decline?

Mr. ANNING. I should say it was largely the tremendously increased production and the desire on the part of the manufacturers to extend the use of rayon as far as possible and in that way sell a very much increased production. Naturally, it is going to have a much wider demand at \$1.15 than it will at \$2.50.

Senator SIMMONS. The cost of production now is a little bit less than it was?

Mr. ANNING. It must be.

Senator SIMMONS. But it is not the result of lessened cost of production? That is only a factor?

Mr. ANNING. That is only a small factor.

Senator SIMMONS. A small factor.

Senator SACKETT. Have costs of production been reduced abroad as well as in this country?

Mr. ANNING. They must have been reduced somewhat abroad.

Senator SACKETT. You are going to limit it the same way?

Mr. ANNING. I do not believe they have been reduced to the same extent they have been in this country. Our domestic manufacturers have made such a statement.

Senator SIMMONS. Is this not a fact, that before the rayon industry was introduced here they gained some headway abroad?

Mr. ANNING. Yes; most of the patents were owned abroad.

Senator SIMMONS. And the process had gone on then just as it is going on now, beginning at a high price in the inception of the industry and going down to a low price as the production has become more efficient?

Mr. ANNING. Apparently, with our methods and our ingenuity in adopting the chemical process, it has decreased more rapidly here than abroad.

Senator SACKETT. You heard the statement that the price of rayon was about 75 cents a pound less?

Mr. ANNING. That was on highly twisted yarn?

Senator SACKETT. Does that meet with your approval?

Mr. ANNING. We are on both sides of the fence there. We own a converting plant at Passaic, N. J., where we have a small department to do that kind of work. We have also imported some yarn which we twist. We have engaged others, American throwsters, in Pennsylvania and around about to do that twisting of yarn for us. The quotations that have been made to us and the prices that have been charged to us for doing that work have been 85 cents a pound on

spools and \$1 a pound on cops. That included their cost of production and also their profit. That is for putting 60 turns in.

Senator SACKETT. Being a manufacturer and an importer, what are the relative selling prices of that article when it is done here and when that twisting is done abroad?

Mr. ANNING. Here is our price list—\$2.35 for the foreign thrown yarn and \$2.45 for the domestic.

Senator SACKETT. The foreign yarn is underselling the domestic?

Mr. ANNING. By 10 cents per pound.

Senator BINGHAM. By just enough to get the business.

Mr. ANNING. It is rather remarkable we have been able to do a pretty fair business on the domestic thrown yarn.

Senator SACKETT. Is it possible to reduce the foreign price still more for selling purposes and still be within the profit scale?

Mr. ANNING. I do not know about the profit scale, but I should say, Senator, it probably would be possible.

Senator SACKETT. That would indicate that the domestic producer needs a competitive tariff?

Mr. ANNING. Unquestionably he needs some protection on any operation in which labor enters.

Senator SACKETT. Proceed.

Senator SIMMONS. The prices you gave a little while ago, of course, include the tariff?

Mr. ANNING. Yes, sir.

Senator SIMMONS. That would not quite be the sale price of it. That would not bring that selling price up to the selling price of the domestic product. Would you argue now that you needed enough additional tariff to cover that 10 cents or to absorb that 10 cents difference?

Mr. ANNING. Well, that would be reasonable.

Senator SIMMONS. It seems to me it would.

Senator GEORGE. What about the quality of the imported and the American?

Mr. ANNING. Well, we have varying qualities in both foreign and domestic. There has been a good deal—

Senator GEORGE. Confining it to those quotations that you have given there. What about those?

Mr. ANNING. Our experience so far is that the work has been better done here than abroad.

Senator GEORGE. Well, would you say that the American yarn then is better in quality than the same yarn that you quoted there from abroad?

Mr. ANNING. In its processing and putting up; yes, sir.

Senator SACKETT. Proceed.

Mr. ANNING. We have on the one hand a proposed rate on bleached cotton yarn (par. 901 of H. R. 2666), amounting on No. 18s, which correspond in size to the 300-denier rayon, of 15.4 per cent ad valorem and the spinning of cotton yarn is our own industry. The cotton is grown on American farms and spun in American-owned and operated mills and we give them 15.4 per cent ad valorem protection with no specific rates.

On thrown silk (par. 1203) there is assessed the rate of 20 per cent ad valorem, with no specific rates, and we have a substantial Amer-

ican-owned and operated silk-throwing industry; the throwing of silk corresponding to the spinning of cotton.

Now on rayon yarn in this same proposed bill, we have a specific duty of 45 cents per pound, which in its application amounts on 300-denier rayon to 105 per cent ad valorem, and the bulk of our domestic rayon production is foreign owned. One British-owned company alone accounted for over 54 per cent of the American production in 1928 to say nothing of the other foreign-owned and controlled American rayon plants.

Senator SACKETT. They employ American labor?

Mr. ANNING. Yes, sir; they do. A large portion of the admittedly large profits engendered under and protected by an excessive specific duty have been taken from the pockets of our own people and sent abroad.

A rate of 15.4 per cent ad valorem to protect the American grower and American spinner of cotton.

Twenty per cent to protect the American silk throwster, and 105 per cent to protect, to a major extent, the foreign owner of American plants in what has probably been one of the most prosperous industries in the world.

Senator BINGHAM. Do you not think it would be a good plan if you took these facts to some banker in New York and organize an American company and get some capital? You said you did not have the millions yourself, but with that showing certainly our bankers are not adverse to organize American companies to compete with foreign owners?

Mr. ANNING. Unfortunately, I am not a banker or a promoter, Senator.

Senator BINGHAM. You should show a little more initiative.

Mr. ANNING. That is possibly correct. I respectfully urge that an impartial investigation be made into the cost of production both here and abroad before fixing any rate and that being done I confidently believe that you will find that the present 45 cents specific duty has no place in our present-day tariff.

Senator SACKETT. How much of this rayon yarn is assessed on the 45 per cent specific as it comes in, or is it all assessed on that?

Mr. ANNING. Not quite all, but to a very large extent.

Senator SACKETT. What do you mean by that—75 per cent of it—60 per cent—

Mr. ANNING. Very much larger than that. The total consumption I believe of yarn in this country was 88 per cent of 150 denier and heavier and I believe all of that would take the 45-cent rate; at least it would with us.

Senator SACKETT. Then the ad valorem duty is not necessary on that at all?

Mr. ANNING. The ad valorem duty as it exists to-day has been superseded by this specific.

Senator SACKETT. When did that superseding take place, do you know? In other words, when did the ad valorem duty by reason of the decreased cost of the yarn lose its effectiveness and the other one take the place of it?

Mr. ANNING. I am sorry I can not give you that.

Senator SACKETT. Instead of the date could you give say, at what price?

Mr. ANNING. Of course, it would change when the foreign value or the assessed value fell below \$1.

Senator SACKETT. Below \$1. That is the point.

Mr. ANNING. Yes, sir.

Senator SACKETT. That is what I wanted to get at. Anything further?

Mr. ANNING. That is all.

Senator SIMMONS. You are an importer?

Mr. ANNING. Yes, sir.

Senator SIMMONS. Upon what price basis is the duty levied on the imports? There are several different methods.

Mr. ANNING. Yes, sir.

Senator SIMMONS. There are several different methods both in this and the other bill. That is, cost of production, which is one, the export cost is another, the United States cost is another. Upon which one of these bases are your exports assessed for application of the tariff rate?

Mr. ANNING. On the selling value in the foreign country in a free and open market.

(Mr. Anning submitted the following brief:)

#### BRIEF OF THE COMMERCIAL FIBRE CO. OF AMERICA (INC.)

##### STATEMENT

This brief is submitted by the Commercial Fibre Co. of America (Inc.), as an objection against the provision of a minimum rate of duty of 45 cents per pound on all rayon yarns regardless of weight or quality, as provided in Schedule 13, paragraph 1301, of the proposed tariff act of 1929.

##### DEFINITION AND DESCRIPTION OF RAYON

Rayon is the outcome of the ancient desire of man to reproduce by artificial means a substitute for silk.

Rayon, or artificial silk, is defined as a soft, pliable, multifilament textile fiber produced by technical processes from some form of plant cellulose, such as cotton or wood pulp.

These vegetable fibers are treated chemically until they form a viscous solution analogous to the glandular excretion of the silkworm. By forcing this solution through minute apertures of capillary tubes, corresponding to the spinnerets of the silkworm, it becomes attenuated into long, continuous filaments, which are solidified either in a fixing bath or by a process of evaporation and are then twisted together and reeled to form the artificial-silk yarn of commerce.

Four distinct processes are now used in the manufacture of rayon. These are designated as nitrocellulose, cuprammonium, viscose, and cellulose acetate. The basic differences among these processes relate to the solvents and methods used in converting the cellulose to a liquid form. About 90 per cent of the rayon produced to-day is made by the viscose process.

Rayon is made in different sizes, defined as deniers. The range is about 40 deniers to 900 deniers, but most of the commercial activity is with respect to 150, 300, and 450. The rayon is graded according to quality and is sold as quality A, quality B, quality C, and quality inferior, or as first, second, and inferior qualities. The finer the size of the rayon the less is the number of deniers, while the heavier and coarser rayon ranges above 150 denier. The 150 size is the most widely used, and it is the basis of market quotations on rayon yarns. So much for the general description of this new and important fiber.

##### TARIFF HISTORY

The tariff act of September 21, 1922, paragraph 1213, was the first act to establish the minimum of 45 cents per pound. That act provided for a duty of 45 cents per pound on all rayon yarns, but not less than 45 per cent ad valorem.

As we shall see in our later discussion the specific rate of 45 cents per pound was established at that time presumably for the purpose of equalizing the foreign cost of production abroad and the cost of production in this country.

In the proposed tariff act of 1929, in the schedule as first proposed by the Ways and Means Committee, the duty for rayon yarn 150 deniers and heavier was fixed at 45 per cent ad valorem and the duty on rayon yarns finer than 150 deniers at 50 per cent ad valorem. The specific rate of duty of 45 cents per pound was not included in that schedule and was justly and wisely excluded.

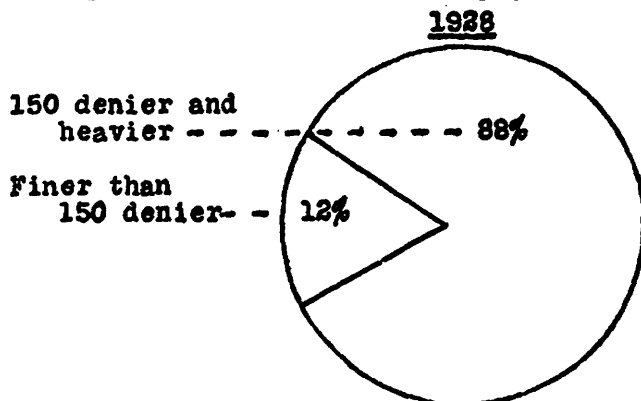
In the schedule as amended by the Ways and Means Committee of the House of Representatives, the minimum duty of 45 cents per pound was again added.

As the diagram below set forth indicates, in the year 1928 88 per cent of the imports were rayon yarns 150 deniers and heavier; 12 per cent of the imports were finer than 150 deniers. All grades of rayon are affected by the 45-cent minimum rate of duty. The effect of this minimum rate of duty, we will show, is to absolutely exclude the importation of this coarser and lower-priced rayon.

#### OBJECTIONS SUMMARIZED

We shall briefly state our position at the outset.

We recognize and are in accord with the principle of an adequately protective tariff. The policy of tariff protection has been uniformly a policy of the United States Government for many years, and no doubt has attributed to the great financial prosperity of the United States and the high standard of compensation and living conditions of the American employees. Nevertheless this



Source: F. C. M. article appearing in Journal of Commerce, issue of June 11, 1929, under section "Rayon and its products." Analysis of Imports of American Yarns, by Mr. J. A. Mack, chief of the Silk and Rayon Section, Textile Division, Bureau of Foreign and Domestic Commerce.

policy of a high-protective tariff, if carried beyond a reasonable degree, will cause great danger.

The theory of a high tariff is to equalize the cost of production of foreign countries with the cost of production in the United States. We believe that we are right in stating that the American tariff policy does not mean the exclusion of all foreign imports. Such a policy would, of course, cause great injury to the consumer and also to our own export trade, on which we depend to keep our other home plants running.

It is our contention, which we expect to establish by this brief, that the provision of a 45-cent per pound specific rate, which was first established in 1922, at the then prevalent scale of prices and at the then prevalent volume of production, is no longer justified at the present time; that the provision of the 45 cents per pound minimum will tend to exclude foreign-made rayon and create a monopoly, with all the inherent danger that the word "monopoly" connotes. It is also our contention that this minimum and specific rate is no longer necessary, and that it is inflexible and unscientific and unfair in that it applies to all grades and kinds of rayon, regardless of cost of production or of quality; that this minimum rate at the present time neither represents equalization between the foreign cost of production and domestic cost of production, nor does it represent an equalization between foreign selling values and domestic selling values.

We respectfully submit that no scientific equitable tariff can be established except upon a comparison of the foreign cost of production with the American cost of production. We are reliably informed that there has been no such investigation, and the American manufacturers have continuously avoided

disclosing their production costs. In the absence of the American cost of production we are forced to deductions from the figures and statistics that are now available and from actual experience.

Therefore, to determine whether the minimum rate of 45 cents per pound of rayon is now justified under present conditions, our inquiry must be conducted along the following lines:

1. Has the rayon industry in America changed in any respect since 1922 that would make any difference, slight or large, in the cost of production? We submit that if there has been any change there would necessarily have to be, also, a corresponding change in the duty to be applied.

2. What is the present effect of the specific duty of 45 cents per pound?

3. What is the future effect upon other industries, and the great number of consumers, of the application of such a specific minimum rate?

We shall consider these in order.

### I. CHANGES THAT OCCURRED IN RAYON INDUSTRY FROM 1922 TO DATE

#### SIZE OF INDUSTRY

The first successful American company producing rayon was organized in this country in 1909. This company was the American Viscose Co. It was organized by the producers of viscose artificial silk in England, Courtaulds (Ltd.). The American Viscose Co. was singularly successful from the start. For about 10 years it made the only domestic artificial silk sold in appreciable quantities on the American market, and the evolution of artificial silk production in this country up to 1920 is, therefore, practically the history of this one concern.

In 1920, two other companies, affiliated with the French and Italian viscose syndicates, started production in this country. In 1922, when the present minimum rate of duty was established, there were only six companies producing rayon, all of which were affiliated with foreign companies.

The tremendous growth in the production of rayon in this country is shown by the fact that while in 1913 the United States was only producing 1,500,000 pounds of rayon, in 1921 the production was increased to 15,000,000 pounds. In 1928, we produced 97,901,250 pounds, and the estimated production for 1929 is 131,800,000.

The 1928 census of manufacturers, taken by the Department of Commerce, discloses the fact that in 1925 there were 14 establishments producing rayon, and in 1927, attracted by the great field in this country and the huge profits being made, this number was increased to 19 companies. These statistics, compiled by the Department of Commerce, also indicate that in 1927 these 19 establishments employed 26,341 wage earners who in that year produced the tremendous amount of 80,594,033 pounds of rayon.

#### *United States production and importations of rayon yarns*

Year	Production	Importations	Total consumption	Percentage	
				Domestic	Imported
	Pounds	Pounds	Pounds		
1912.....	1,100,000	1,600,000	2,700,000	41	59
1913.....	1,560,000	2,400,000	3,960,000	39	61
1914.....	2,400,000	2,760,000	5,160,000	47	53
1915.....	4,100,000	2,780,000	6,880,000	60	40
1916.....	5,750,000	2,050,000	7,800,000	74	26
1917.....	6,700,000	500,000	7,200,000	93	7
1918.....	5,800,000	200,000	6,000,000	95	5
1919.....	8,180,000	1,150,000	9,330,000	88	12
1920.....	10,250,000	1,850,000	12,100,000	85	15
1921.....	15,000,000	3,670,000	18,650,000	80	20
1922.....	23,500,000	3,650,000	27,150,000	87	13
1923.....	35,400,000	4,000,000	39,400,000	90	10
1924.....	38,494,349	1,711,987	40,206,336	96	4
1925.....	52,209,225	7,000,521	59,209,746	88	12
1926.....	63,648,000	10,063,068	73,711,068	86	14
1927.....	75,522,000	16,235,724	91,757,724	82	18
1928.....	97,901,250	12,746,768	110,648,018	89	11

Estimated United States production for 1929, 131,800,000 pounds.

NOTE.—While the table shows that the imports in 1928 totaled 12,746,768 pounds, since the production and consumption have greatly increased a correct picture can only be obtained by taking the percentage of imports to total consumption. By so doing you observe a great decrease in the percentage since 1912.

The foregoing table shows the great increase in production in the United States.

The growth of the industry in the United States is also shown by the fact that in 1913 we produced approximately 1,500,000 pounds, while England, which ranked first in world production, produced 11,400,000 pounds. In that year the United States ranked sixth in world production. In 1925 the United States ranked first with a production of 52,209,225 pounds, and England, which ranked second, produced only half that amount, approximately 26,400,000 pounds. (Avram, *The Rayon Industry*, p. 112.)

In other words the United States to-day is the largest producer and consumer of rayon in the world, and she has attained this position in the short space of 13 years.

The table shown below gives the leading American companies producing rayon and the percentage of the production of each to the total production in the United States. It appears that the American Viscose Co., a subsidiary of Courtaulds (Ltd). of England, produced 54.4 per cent of the total American production.

*Sales of American rayon producers for the years 1924-1928, inclusive, with the percentage of total sales contributed by each producer*

Producers	1924		1925		1926		1927		1928	
	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total	Thou- sands of pounds	Per cent of total
Total sales.....	34,510	100.0	51,099	100.0	53,330	100.0	81,921	100.0	99,234	100.0
Viscose Co.....	24,000	72.7	35,000	68.4	30,650	57.4	48,395	56.9	51,000	54.4
Du Pont Rayon Co.....	3,694	9.5	6,799	13.2	10,050	18.8	16,560	18.8	17,888	18.0
Tubize Artificial Silk Co.	4,250	11.0	5,250	10.2	5,500	10.3	8,500	10.0	9,000	9.1
Industrial Rayon Cor- poration.....	1,815	4.7	2,158	4.2	2,750	5.1	3,700	4.3	4,250	4.3
Celanese Corporation of America.....			750	1.4	2,250	4.2	3,250	3.8	6,000	6.0
Belamose Corporation.....			358	.7	750	1.4	1,476	1.7	1,380	1.4
American Bernberg Cor- poration.....							1,500	1.7	2,400	2.4
Acme Rayon Corpora- tion.....	251	.6	323	.6	380	.7	500	.6	769	.8
Others.....	500	1.3	500	.9	1,000	1.9	1,600	1.8	3,547	3.6

Other producers include: Delaware Rayon Co., Napon Rayon Corporation, Skenandoah Rayon Corporation, American Glanzstoff Corporation.

Source: 1924 to 1927, taken from *Journal of Commerce*, New York, Jan. 11, 1928; 1928 taken from *Journal of Commerce*, New York, Jan. 24, 1929.

This growth of the industry in the United States is well described by a writer in *Commerce and Finance* at page 1474 in the issue of July 20, 1927, who states:

"Nothing else in either the textile industry or the chemical industry, both of which claim rayon as a part, can show any such rate of expansion, and in many of its aspects the rayon industry represents the most startling progress and the firmest foundation of any industrial development since the war. The use of superlatives in discussing the growth of this industry has been so customary that it is more profitable to analyze the underlying causes of its progress as they have become noticeable in the last year."

In a most excellent history of the rayon industry, published under the title of "The Rayon Industry," by M. H. Avram, the following significant and illuminating statement is found:

"Production has grown steadily in the United States, having risen from almost nothing in 1910 to the staggering total of nearly 52,500,000 pounds in 1925, a year of the industry's most remarkable growth. Prior to 1920 domestic production was the output of practically one concern, the American Viscose Co., which still is responsible for more than half of the rayon production of this country. In spite of this rapid growth to such larger volume production has not been sufficient to meet the likewise rapidly growing demand, and we find ourselves importing at quite a substantial rate."

In an article appearing in the Daily News Record of June 25, 1929, the 1929 and 1930 poundage production plans of the leading American companies were given. This information is interesting not only for the purpose of showing the great volume of production reached in 1929, but also for the purpose of indicating the great increase in production estimated for the year 1930.

The 1929 and 1930 poundage production plans of the American companies are as follows:

	1929	1930
	<i>Pounds</i>	<i>Pounds</i>
The Viscose Co.....	69,000,000	<sup>1</sup> 75,000,000 <sup>2</sup> 3,500,000
Du Pont Rayon Co. (Inc.).....	22,800,000	<sup>1</sup> 26,000,000 <sup>2</sup> 1,600,000
Tubize Artificial Silk Co.....	9,000,000	9,500,000
Industrial Rayon Corporation.....	6,500,000	11,500,000
Celanese Corporation of America.....	6,000,000	6,500,000
American Glanzstoff Corporation.....	5,000,000	9,000,000
American Bemberg Corporation.....	4,000,000	5,000,000
Belamose Corporation.....	1,650,000	1,650,000
Acme Rayon Corporation.....	1,000,000	1,000,000
Skenandoa Rayon Corporation.....	1,250,000	2,250,000
Delaware Rayon Corporation.....	2,000,000	2,000,000
New Bedford Rayon Co.....	750,000	1,250,000
American Chatillon Corporation.....	1,500,000	<sup>1</sup> 4,000,000 <sup>2</sup> 2,000,000
American Enka Corporation.....	1,000,000	10,000,000
Hampton Co.....		1,500,000
All other companies.....	2,000,000	2,500,000
<b>Total of all companies.....</b>	<b>130,450,000</b>	<b>175,750,000</b>

<sup>1</sup> Viscose.  
<sup>2</sup> Acetate.

It would require no great deal of argument to prove that the industry is no longer in its infancy. It has increased by tremendous and spectacular strides since 1922, with the limit not yet in sight, due obviously to the great demand for this new product and the increased uses to which it is being put.

We must therefore agree with one writer, who states that the rayon industry in America is well out of its swaddling clothes.

#### IMPORTANT CHANGES THAT HAVE OCCURRED AFFECTING THE COST OF PRODUCTION BETWEEN THE YEARS 1922 AND 1929

In 1921, when the proposed Fordney-McCumber Tariff Act was under consideration, there were only about six companies in this country manufacturing rayon, with the American Viscose Co. producing approximately 80 per cent of the total. Comparatively little was known about the industry, and statistics were not available.

In 1921 a few domestic producers appeared before the Committee on Ways and Means and the Senate Committee on Finance, which committees had under consideration the proposed Fordney-McCumber Tariff Act of 1922. These producers made a plea, rightfully, for a rate of duty which would allow the domestic producers to compete equally with the foreign manufacturers of rayon.

The chairman of the board of one of the leading domestic companies frankly stated that they had no figures available to indicate the domestic cost of the production of rayon. (Finance Committee hearings, 67th Cong., 1st sess., p. 6863.)

The briefs filed set forth the following facts in support of their plea for a specific rate of duty to equalize the relative costs of production abroad and in this country (p. 3865):

1. The capacity for producing in the United States, it was stated, is 19,000,000 to 20,000,000 pounds annually.

2. Raw materials are 10 per cent cheaper in Europe.

3. The price of labor in the United States is four to five times that of labor in Europe.

4. The selling price per pound of rayon in the United States at that time was \$2.50 per pound, and the foreign selling price \$1.42; therefore a specific rate of duty was necessary to equalize the respective selling prices.



5. At the price of \$2.50 per pound, at which 150 A denier rayon was then selling, it provided the manufacturers with only a modest profit. (See also p. 2895 of the hearings of the Ways and Means Committee, 66th Cong., 3d sess.)

Obviously upon these statements and upon these conditions Congress established the duty of 45 cents per pound on all rayon yarns but not less than 45 per cent ad valorem for the tariff act of 1922.

That was the situation in 1922.

We do not dispute the facts given to the committees or statements set forth by these domestic producers.

We are, however, compelled to say this:

That there have been such drastic changes in the rayon industry—a tremendous increase in production, a great decrease in the level of price, a greater use of machinery—that to-day there is not the same difference between the respective selling prices or costs of production as there might have been in 1922; that, therefore, the maintenance of the same minimum rate of 45 cents per pound to-day is highly unjustified and unfair; that the changes that have occurred demand that a corresponding change be made in the rates of duty to correspond to the decrease in the cost of production that obviously has occurred and the great decrease in the level of prices.

More than 7 years have passed and domestic producers have not yet made available or offered figures which would indicate the cost of domestic production. As to that we will have to speculate and draw deductions from the figures and facts that are available.

There are certain facts and figures that conclusively indicate that the domestic cost of production has declined very appreciably since 1922, and there is to-day much less difference between the foreign cost of production and the domestic cost of production.

Fortunately, our Tariff Commission made a survey of the artificial-silk industry. Its report, published in 1925, is known as the Tariff Information Survey on the articles in paragraph 1213 of the tariff act of 1922 and related articles in other paragraphs.

The Tariff Commission has made some interesting and important observations which support our contention that the domestic cost of production has decreased since 1922, and that there is a much smaller difference to-day between the foreign cost of production and the domestic cost of production.

The outstanding change that has occurred and which we have already discussed is the increased production. The production from 1921 to 1929, as our table on page 9 indicates, increased 900 per cent. The production in 1921 amounted to only 15,000,000 pounds. The production in 1928 amounted to 97,901,250 pounds, with an estimated production for the year 1929 of approximately 131,800,000 pounds.

In the year 1928 one single manufacturer produced 54,000,000 pounds as against a production in the year 1921 by all of the half dozen rayon companies then doing business in the United States of 20,000,000 pounds. The estimated production of the American Viscose Co. for the year 1930 is 78,500,000 pounds. Undoubtedly the cost of production per unit, by reason of this great increase, has materially decreased. This economic law can be disputed by no one.

The report issued in February, 1928, by one of the large rayon-producing companies in the United States, contained the following statement:

"The production costs to-day are excellent and in the future will be still further reduced."

A statement appearing in the Rayon Journal on the 15th day of January, 1928, by Lockwood, Green & Co., industrial engineers engaged in constructing rayon plants, stated that the cost of production is continually being decreased by increasing the amount of production and by installing in the United States plants machinery of the most modern type.

An interesting news item appeared in the Daily News Record on September 24, 1928. Mr. Hiram Rivitz of the Industrial Rayon Corporation, upon his return to the United States after making a tour of inspection around the principal rayon factories in France and Germany, stated that it was his belief that the production of the American rayon industry is on a more economic basis than the European industry due to the more-advanced mechanical and other improvements.

The Tariff Commission, in its report (p. 45) states:

"The machinery, moreover, of the American industry is for the most part of domestic manufacture, and is frequently equipped with improvements of American devising."

Mr. Avram, in his book on the rayon industry, published in 1928, devotes pages to the work being done in the United States by various specialized textile schools, who have been conducting experiments and research work for years, and who have been successful in introducing in this country many new improvements, which has decreased the cost of production and has increased the uses to which rayon can be put.

Raw materials are not 10 per cent cheaper in Europe, as presumably was the situation in 1922. In respect to raw materials, the United States now has a distinct advantage. The Tariff Commission, at page 15 of its report, states as follows:

"Under present conditions of free trade in wood pulp the American manufacturer is at no disadvantage in obtaining the Scandinavian product. The margin between the prices paid by the domestic manufacturer located at or near tidewater and his English or continental competitors is no greater than the difference in marine charges and insurance. In the case of cotton linters the American has the advantage of proximity to a large domestic supply." and as to chemicals to Tariff Commission states that—

"There are practically no tariff considerations affecting the availability of any of these chemicals, the domestic supply being ample."

In the year 1921 it was claimed by the American producers that labor formed 75 per cent of the item of production. Its survey made since that time indicates that labor forms only 45 to 50 per cent of the cost of production. (See Avram, the Rayon Industry, p. 302.)

In the United States there has been a greater use of machinery.

A 1928 census of manufacturers, taken by the Department of Commerce, discloses that from 1925 to 1927 the number of wage earners increased from 19,128 to 26,341, a 37.7 per cent increase. The horsepower increased from 66,966 in 1925 to 122,406 in 1927, an increase of 82.8 per cent.

The advantage of cheaper labor in foreign countries, which was undoubtedly the case in 1921, has also materially decreased to-day. It is a well-known fact that the labor cost abroad and the standard of living has risen considerably. Avram, in his History of Rayon, page 247, states:

"This condition of rising wage rates holds also in Europe, so the manufacturing advantage there may not continue to be so real as it once was."

The Tariff Commission, in its report, page 17, states:

"With the introduction of the 8-hour day in several of the European countries, however, part of this advantage has been temporarily lost. The increase in the labor force necessary as the result of the decrease in the hours of work has somewhat reduced the trained supply and increased the cost of the labor item in the expenses of production. Reports from Europe indicate in some countries even a shortage of workers."

A very important change that has occurred is the fact that the price of rayon has decreased from \$2.50 per pound for 150 A denier in 1922 to \$1.15 in 1929.

The following figures are the prices of 150 A denier domestic viscose process rayon (list prices) from January, 1914, to date:

January, 1914, to March, 1914.....	\$1.85
April, 1914, to October, 1915.....	2.00
November, 1915.....	2.50
December, 1915, to September, 1916.....	3.00
October, 1916.....	3.30
November, 1916.....	3.50
December, 1916, to April, 1917.....	3.55
May, 1917, to July, 1917.....	3.80
August and September, 1917.....	4.00
October, 1917, to May, 1918.....	4.25
June, 1918, to August, 1919.....	4.50
September, 1919, to January, 1920.....	5.30
February, 1920, to May, 1920.....	6.00
June, 1920, to August, 1920.....	5.00
September, 1920.....	4.00
October, 1920, to May, 1921.....	2.55
June, 1921, to August, 1921.....	2.70
September, 1921, to January, 1924.....	2.80
February, 1924, to January, 1925.....	2.05
February, 1925, to June, 1926.....	2.00
July, 1926, to December, 1926.....	1.65

January to February, 1927.....	\$1.45
March, 1927, to February 21, 1929.....	1.50
February 21, 1929, to June 17, 1929.....	1.30
June 17, 1929, to date.....	1.15

Obviously, with this decrease in price, there is no longer the same difference in the selling price to-day as was present in the years 1921 and 1922, and, despite this decrease in the scale of prices, the American producers have been making tremendous profits.

It is important to note that a peculiar fact connected with the rayon industry is the fact that most of the American companies are controlled by foreign interests, which are Courtaulds (Ltd.), of Great Britain, and Vereinigte Glanzstoff-Bemberg of Germany, who are the leading members of an international trust which controls 85 per cent of the world's rayon production. The report of the United States Department of Commerce on this international trust is as follows:

"The rayon industry presents the striking anomaly of an American industry producing a staple manufactured product of which the United States produces and consumes more than any other country in the world but which is either directly controlled by or closely affiliated with foreign interests, in this case Samuel Courtauld & Co. (Ltd.) (Great Britain) and Vereinigte Glanzstoff-Bemberg (Germany), the leading members of the international trust. This condition is explained primarily by the fact that the basic patents of the industry are largely of European origin, and that the European producers display considerable initiative and enterprise in taking advantage of the possibilities of the American market."

The report continues and states:

"It is probably true that no great industry ever before has been built up with so little competition and so few failures."

The American Viscose Co., the largest producer in the United States, which in 1928 produced, itself, 51.4 per cent of the entire total, is a subsidiary of Courtaulds (Ltd.), of Great Britain. Courtaulds and its related companies now control between 80 and 90 per cent of the world's rayon production.

The American Bemberg Corporation, which is part of the international rayon trust and a branch of the German Bemberg and connected with Vereinigte Glanzstoff-Fabriken of Germany, is closely connected with Enka of Holland.

The American Glanzstoff Corporation, another leading American concern, is a branch of the German Vereinigte Glanzstoff-Fabriken and is closely connected with Courtaulds (Ltd.).

The Celanese Corporation of America is a branch of British Celanese (Ltd.).

The profits made by the American Viscose Co., a subsidiary of Courtaulds (Ltd.), of Great Britain, are not available, but the profits of Courtaulds to which the American Viscose Co. has contributed to a great extent, are known. In 1927, this company earned profits of \$22,000,000, a major portion of which were derived from their huge American subsidiary, a case of the tail wagging the dog.

A front-page headline in the New York Times in 1928 carried the story that Courtauld's shares rose \$65,000,000 in value in 10 minutes on the London Exchange. It is estimated that the increase in the value of Courtauld's stock has been more than 3,000 per cent, and the American Viscose Co. paid in a major share of these great profits that were made.

In the Journal of Commerce of March 24, 1928, the following news item appeared:

"Speaking at the recent Courtauld meeting, Walter G. Griffith, a member of the company, said, 'In spite of the pessimism which the chairman expressed at the last meeting (a year ago) we have had a share bonus of 100 per cent (just a year ago). Surely now, from his more optimistic remarks, we can anticipate that at the end of the next financial year we shall rejoice in at least a dividend on the increased capital of 17½ per cent.

"'At all events we know, and it is believed by many that are supposed to know, that the 100 per cent bonus is only about one-fourth of the estimated value of the American Viscose—what shall I call it—plum which must ultimately come into the hands of the lucky shareholders of this remarkably successful company.'"

The profits of the duPont Rayon Co. are not available, since this company is controlled by the E. I. duPont de Nemours Co., with its various investments

in General Motors and other companies. DuPont earned in 1927 \$41,113,968, an increase of 10 per cent over 1926.

The American Glanzstoff Corporation declared a dividend of 20 per cent for the year 1928. The profits of the parent company for 1927 were \$2,600,000.

The profits of the Industrial Rayon Corporation for 1927 were \$908,000, and for the first half of 1928, \$680,000, an increase of 153 per cent over the same period in 1927 with only a 16 per cent increase in production.

The Tubize Artificial Silk Co. has recently showed a ratio of current assets and liabilities of 8 to 1.

In a circular issued in September, 1927, by a stock brokerage firm, members of the New York Stock Exchange, offering for sale stock of an artificial silk company, also one of the large producers of the United States, the following statement appeared:

"While it has not been the company's policy to publish financial statements, earnings reported officially are: 1922, \$13.25 per common share; 1923, \$27.85 per common share; 1924, \$14.85 per common share; 1925, \$32 per common share."

The circular also contains the following statement:

"Despite the late summer and fall depression in the artificial silk industry, in 1926 the company is estimated to have earned at least \$20 per share of common stock on the basis of its present stock capitalization."

In the Daily News Record of July 13, 1928, the official report of another large producer in the United States contains the following statement:

"For the six months' period ended June 30, 1928, the net earnings, after all charges including Federal income tax, amounted to \$683,268, or \$3.59 per share of common stock now outstanding. This figure, compared with \$260,270, reported for the first half of 1927, is an increase of 153 per cent."

The price range of the stock of the Tubize Artificial Silk Co. of America was as follows for the years 1925-1928:

Common V. T. C.:

1928	-----	630-450
1927	-----	499-145
1926	-----	240-153
1925	-----	270-147

The Acme Rayon Corporation, with only a daily capacity of 2,400 pounds and employing only 193 employees, had an operating profit for the year ending December 31, 1928, of \$107,001.

The complete figures of the Industrial Rayon Corporation show that, for the year ending December 31, 1928, the earned surplus was \$2,457,746, while the earned surplus for the year ending December 31, 1927, was \$853,460.

The Celanese Corporation of America, affiliated with British Celanese (Ltd.), had a net income for 1926 of \$1,713,732, while for 1927 it was \$3,161,716.

These tremendous profits were made despite decrease in price. These figures indicate that not only have these companies been making very tremendous profits in the past, but that their cost of production must have been materially decreased to allow them to make such huge profits at the present scale of prices.

Summarizing the more important changes that have occurred between the years 1922 and 1929 we have the following results:

#### Production

1922	-----	23,500,000
1928	-----	99,234,000
Estimated for 1929	-----	131,800,000

#### Selling price of rayon, 150 a denier

		Per pound
1922	-----	\$2.50
1928	-----	1.15

#### RAW MATERIALS

One-fourth to one-fifth cheaper abroad (statement made by American producers before Senate committee).

America has advantage (statement of Tariff Commission in its report, 1925).

## LABOR

1922: Formed 75 per cent of cost of production.

1925: Formed only 45 per cent of cost of production.

The industrial improvements of the last three years have certainly still further reduced this percentage of 45 per cent.

Besides these changes we have other factors—the wage level and standard of living has increased in Europe, and the American producer has the advantage of more capital, more abundant supply of raw materials, and nearness to the chief consumers and industries that utilize rayon.

We contend, therefore, that there can be no denial of the fact that to-day there is not the same difference in the cost of production and selling price between foreign producers and the American producers as there was in 1922; that the industry is no longer an infant industry, and no longer needs the protection of the 45 cent specific which was established in 1922; that this specific rate of 45 cent per pound to-day does not represent the differences between the foreign and domestic cost of production or selling prices, and that there is needed, for the proposed tariff bill of 1920, a more flexible rate of duty, and one that would correspond to the changes that have occurred.

The Tariff Commission, in its report, concludes at page 47:

“For the last two years wholesale prices in the foreign market have, on the whole, so closely approximated the domestic level that the additional shipping and insurance charges, and duties and importers' commissions has brought the landed price of foreign yarns above that of domestic yarns.”

This statement by the United States Tariff Commission is, we submit, a conclusive determination of our question of whether or not the present minimum rate of duty, first established in 1922, is justified under present conditions.

## COMPARISON BETWEEN THE QUALITY OF DOMESTIC AND FOREIGN RAYON

Besides the fact that the foreign manufacturers have no price advantage at the present time, even if the imported yarns had a price advantage the Tariff Commission concludes that there would still be no incentive to increase the consumption of foreign yarns in knit and broad silk manufacture until they show an improvement in quality (p. 47).

The quality of the foreign product is not comparable to the quality of the product produced in this country, and there is practically no competition between these two products.

The Tariff Commission concludes as follows (p. 47):

“In view of the general inferior quality of the bulk of imported yarns and their lack of price advantage, it is evident that imports are merely supplemental. Such yarns as do arrive, barring the fine sizes of specialized construction, are largely absorbed by exporting manufacturers of articles such as artificial-silk hosiery and small wares, who take advantage of the drawback clause of the customs law, allowing a rebate when products containing imported materials are exported, and by certain industries, notably the braid and passementerie, which, because of the doubling process, can utilize yarn of considerable irregularity. It thus appears that the competition with foreign yarns on the domestic market at the present time is not strong enough to be a matter of great concern.

## II. PRESENT AND FUTURE EFFECTS OF THE MAINTENANCE OF THE SPECIFIC RATE OF DUTY OF 45 CENTS PER POUND ON ALL RAYON YARNS

It is obvious that the establishment and maintenance of the minimum specific rate of duty of 45 cents per pound upon all rayon yarns, under present conditions, will cause the absolute exclusion of the importation of the foreign rayons.

As one example, this corporation finds it necessary to close its converting plant at Passaic, N. J., employing normally about 300 people due to the now existing prohibitory rate of 45 cents per pound specific duty, which excludes the importation of rayon processed in this plant. The operation of this plant, therefore, becomes impossible from an economical standpoint.

This specific duty of 45 cents per pound, coupled up with 45 per cent ad valorem duty, is misleading and in actual application instead of meaning an

approximate duty of 45 per cent in reality reaches in some instances 105 per cent ad valorem.

We require no lengthy argument to prove that in an industry with varying qualities, varying sizes, and varying prices, it can not but result in an injustice to one side or the other if one rate of duty is established to cover all grades and sizes. If the rate of duty of 45 cents per pound is deemed just and necessary in respect to the 150 A denier, it follows as a matter of necessary and inescapable conclusion that this duty is unfair, unjust, and unnecessarily high with respect to the imported lower grades.

#### CONCLUSION

In view of the foregoing facts and considerations we contend that the conclusion is irresistible that the 45-cent per pound minimum duty is at the present time unfair, unjust, and unnecessary.

Such drastic changes have occurred in the domestic rayon industry since 1922 that there is not the same difference between the foreign and domestic selling prices or costs of production, and that at the present time the rayon industry does not need the protection of the 45-cent per pound minimum duty which, before 1922, was more than ample. If the minimum of 45 cents per pound was adequate at that time as an equalization between the foreign market values and domestic values, it no longer is necessary. An analogy might be drawn to a well-known legal principle, that where the reason for a rule has passed the rule itself must pass.

The domestic rayon industry, most of which is owned by foreign capitalists, is enjoying a condition of immense prosperity. It is secure from any outside competition, and its growth, as the Tariff Commission concludes, can not be disturbed by the presence of imported rayon, which in the past has only supplemented the domestic supply.

The present minimum rate of 45 cents per pound will cause the absolute exclusion of all foreign imports. This can not be denied. The exclusion of foreign imports will further fortify the control of the American market by a few companies largely controlled directly or indirectly by foreign interests. Two domestic companies already control about 75 per cent of the American production. No doubt, also, profits will be greatly increased, and most of which profits will become the property of Courtaulds (Ltd.) of England.

It is absolutely important that nothing should be done which will restrict unreasonably the importation of rayon yarns from abroad. The great and steadily increasing use of rayon demands that all avenues of supply and healthy competition be kept open.

It is necessary that there should be some guarantee that the great number of consumers will continue to get an adequate supply of rayon at as reasonable a price as possible.

Rayon has become one of the most important textiles, being a useful compromise between the economy of cotton and the appeal of silk. Its use has met with increased favor. The greatest use of rayon has been and still is in the knit-goods industry, especially underwear and hosiery. The cotton-goods industry is also a large user of rayon, and in the broad-silk industry rayon is also playing an important part. The use of rayon in other industries and for other purposes has been steadily increasing. The table following shows in terms of percentages the relative apportionment of practically the entire domestic rayon production. In the interpretation of this table, it should be borne in mind that owing to the large annual increase in production the decrease in percentage of any individual class does not necessarily indicate a decline in the quantity consumed.

Many industries are now dependent on it for effects or advantages not obtainable with other fibers, or possible only at an increased or prohibitive cost. When rayon is used in combination with other fibers—namely, cotton, silk, and wool, it either enhances the value of the resultant fabric, or it reduces the cost of the fabric involved.

Consumption of American-produced rayon, by textile industries, for the years 1924-1928, inclusive

Textile trades	1924		1925		1926		1927		1928	
	Thousands of pounds	Per cent of total	Thousands of pounds	Per cent of total	Thousands of pounds	Per cent of total	Thousands of pounds	Per cent of total	Thousands of pounds	Per cent of total
Total for all trades.....	38,510	100.0	51,099	100.0	53,330	100.0	84,931	100.0	99,234	100.0
Knitting trades:										
Underwear.....	3,851	10.0	6,132	12.0	12,799	24.0	24,627	29.0	13,556	13.7
Hosiery.....	8,665	22.5	13,286	26.0	12,799	24.0	17,833	21.0	14,389	14.5
Other knit goods.....	5,391	14.0	3,066	6.0	1,869	3.5	3,397	4.0	6,946	7.0
Weaving trades:										
Cotton goods.....	5,969	15.5	13,030	25.5	11,999	22.5	19,108	22.5	45,151	45.5
Silk goods.....	7,125	18.5	8,431	16.5	7,199	13.5	11,889	14.0	9,259	9.3
Woolens.....	385	1.0	511	1.0	533	1.0	849	1.0	992	1.0
Brads and elastics.....					799	1.5	1,698	2.0	2,481	2.5
Miscellaneous.....	7,124	18.5	6,643	13.0	5,333	10.0	5,530	6.5	6,460	6.5

Source: "Rayon," compiled by Metropolitan Life Insurance Co.

The use of rayon has resulted in the increased production in other industries, particularly in the cotton field, where rayon took this industry out of a state of paralysis and proved to be its good Samaritan. It is important to note that in the cotton industry the lower grades of rayon have been of great assistance. The cotton industry can make a large quantity of lower priced fabrics by mixing cotton with the lower grades of rayon, and so long, therefore, as the lower grades of rayon are excluded from the United States, just so long will the cotton industry be unable to prosper as it did when it was able to enjoy the use of this rayon.

The Daily News Record of July 8, 1928, states:

"The importance of rayon as an auxiliary to the other fibers is strikingly brought out by New England cotton mill officials, who state that the use of rayon has been a big factor in helping New England mills escape the pressure."

It is an auxiliary and not a substitute.

It is important to bear in mind that the consumption of rayon has been steadily increasing, with the limit nowhere in sight. Rayon, having the appearance of silk but being much cheaper, is nowadays a necessity, particularly to the middle and poorer classes of people and the farmer. As Mr. Avram writes in his book on the rayon industry, as more of the public learns of the use of this new textile the consumption will increase.

We also respectfully urge that the entire rayon industry receive the careful consideration of this committee and that a flexible rate be put into effect which will assess the various grades of rayon with due regard to the cost of production abroad and the cost of product on here. We therefore ask that the minimum and specific rate of duty of 45 cents per pound, established in 1922 to correspond to the then prevalent economic conditions, be eliminated, as unfair, unjust, and unnecessary to-day.

Respectfully submitted.

GILBERT & GILBERT,

BLAU, PERELMAN & POLAKOFF,

New York, Attorney for Commercial Fibre Co. of America (Inc.).

STATE OF NEW YORK.

City of New York, County of New York, ss:

Henry H. Anning, being duly sworn, deposes and says that he is the vice president of the Commercial Fibre Co. of America (Inc.), a domestic corporation organized and existing under and by virtue of the laws of the State of New York; that he has read the foregoing brief submitted by the Commercial Fibre Co. of America (Inc.) and knows the contents thereof; that the facts contained therein are from sources which he believes to be authoritative and that the statements and facts contained in the said brief are to the best of deponent's knowledge true and correct.

Deponent further says that the reason this verification is made by deponent and not by the Commercial Fibre Co. of America (Inc.) is because the said Commercial Fibre Co. of America (Inc.) is a domestic corporation and deponent is an officer thereof, to wit, its vice president.

HENRY H. ANNING.

Sworn to before me this 10th day of July, 1929.

[SEAL.]

ESTELLE KRENGEL,  
Notary Public, New York County.

Commission expires March 30, 1930.

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

I, Thomas M. Farley, clerk of the county of New York, and also clerk of the supreme court for the said county, the same being a court of record, having a seal, do hereby certify that Estelle Krengel, whose name is subscribed to the deposition or certificate of the proof or acknowledgment of the annexed instrument, and thereon written, was, at the time of taking such deposition, or proof and acknowledgment, a notary public in and for such county, duly commissioned and sworn, and authorized by the laws of said State, to take depositions and to administer oaths to be used in any court of said State and for general purposes; and also to take acknowledgments and proofs of deeds, of conveyances for land, tenements, or hereditaments in said State of New York. And further, that I am well acquainted with the handwriting of such notary public, and verily believe that the signature to said deposition or certificate of proof or acknowledgment is genuine.

In testimony whereof, I have hereto set my hand and affixed the seal of the said court and county, the 11th day of July, 1929.

[SEAL.]

THOMAS M. FARLEY, Clerk.

#### APPENDIX

United States consumption of rayon for the calendar years 1913-1928, including United States production and imports

[In pounds—000 of pounds omitted]

Calendar year	Con- sump- tion	Domestic produc- tion	Imports for con- sumption	Percent- age of consump- tion pro- duced for sale in United States
1913.....	3,872	1,568	2,306	40.44
1914.....	4,972	2,445	2,527	49.18
1915.....	7,111	4,111	3,000	57.81
1916.....	6,709	5,744	965	85.62
1917.....	7,230	6,697	533	92.63
1918.....	5,949	5,828	121	97.96
1919.....	9,246	8,174	1,072	88.41
1920.....	11,720	10,240	1,480	87.37
1921.....	18,276	15,000	3,276	82.07
1922.....	26,522	24,406	2,116	92.02
1923.....	38,429	35,400	3,029	92.11
1924.....	40,222	38,510	1,712	95.74
1925.....	58,099	51,099	7,000	87.95
1926.....	63,393	53,330	10,063	84.12
1927.....	101,144	84,921	16,223	83.96
1928.....	111,980	99,234	12,746	88.61

Source: Figures from the above table were derived from United States Tariff Commission survey on the artificial industry 1925, Table 7, page 21, for the years 1913-1923, inclusive, while the sales figures from 1924-1927, inclusive, were derived from the January 11, 1928, issue of the Journal of Commerce and the imports for the same period from the March 7, 1928, issue of the Daily News Record. Domestic production for 1928 taken from Journal of Commerce issue January 24, 1929, and imports for consumption figure taken from March 7, 1929, issue of Daily News Record.

The figures for 1924-1927, inclusive, represent actual sales



Comparison of rayon-yarn imports

Country	1924		1925		1926	
	Pounds	Value	Pounds	Value	Pounds	Value
Italy.....	107,673	\$115,549	2,261,635	\$2,155,868	2,389,284	\$1,911,039
Germany.....	231,279	350,734	1,515,016	1,931,288	2,578,443	2,607,627
France.....	13,376	30,121	298,844	340,972	713,412	591,565
Netherlands.....	577,551	645,139	1,033,682	1,093,791	2,699,877	2,427,817
Belgium.....	274,960	352,625	589,840	712,571	739,509	630,349
Austria.....	16,826	16,233	149,259	172,721	352,464	264,416
Switzerland.....	126,343	142,082	470,934	563,002	509,506	495,721
Great Britain.....	345,292	623,732	600,583	1,072,463	107,291	157,897
Canada.....	358	1,230	16,707	22,773		
Hungary.....					25	78
Czechoslovakia.....	18,417	17,101	21,256	25,281	9,734	8,404
Japan.....			4,380	5,199		
Poland.....			54,732	56,034	13,093	15,593
Spain.....			10	15	50,100	36,159
Hong Kong.....	3	12				
Gibraltar.....			13,813	18,915		
Total.....	1,711,987	2,294,558	7,030,521	8,170,693	10,065,068	9,050,665

Country	1927		1928	
	Pounds	Value	Pounds	Value
Italy.....	6,760,408	\$5,612,694	4,724,945	\$3,571,172
Germany.....	2,607,123	2,523,070	2,649,481	2,775,657
France.....	2,863,609	2,298,645	2,196,827	2,038,115
Netherlands.....	2,627,529	2,183,087	1,548,594	1,245,828
Belgium.....	585,815	432,025	837,520	589,153
Austria.....	425,630	292,026	151,427	125,009
Switzerland.....	243,479	220,170	541,933	505,275
Great Britain.....	53,773	63,467	55,099	60,781
Canada.....	49,460	40,774	1,773	1,060
Hungary.....	20,123	27,526	38,367	59,533
Czechoslovakia.....	1,238	1,213	66	148
Japan.....	757	956	81	75
Argentina.....	880	800	690	363
Total.....	16,235,724	13,664,493	12,746,768	10,976,069

STATEMENT OF JACQUES ROSCOTT, REPRESENTING IRVING HOROWITZ CO., NEW YORK CITY

[Including cellulose acetate rayon waste, par. 81]

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

Senator SACKETT. Whom do you represent?

Mr. ROSCOTT. I am a member of the firm of Irving Horowitz Co., New York.

Senator SACKETT. Did you testify before the House committee?

Mr. ROSCOTT. I did

Senator SACKETT. We have that testimony before us, of course.

Mr. ROSCOTT. Yes.

Senator SACKETT. Have you something further that you wish to say in regard to this matter that was not included in your testimony before the House committee?

Mr. ROSCOTT. Yes, sir.

Senator SACKETT. What does it refer to, please?

**Mr. Roscott.** It refers to the cellulose acetate rayon waste. The acetate process has no other raw material. The basic raw material of the acetate process is exactly the same as the viscose—

**Senator GEORGE.** A little louder, please.

**Mr. Roscott.** The basic raw material of rayon made under the acetate process is not any different from the other. It is made out of wood pulp or cotton linters. Under the new tariff we have to pay a duty of 80 per cent. I maintain that the material made out of the raw material, whether it is called cellanese or anything else, is not used to build railroads or anything else. It is used to manufacture textiles only. It is used for dress goods, for curtains, for furniture, and for all such material, and for nothing else.

**Senator BINGHAM.** Where do you get this 80 per cent?

**Mr. Roscott.** That is under the chemical schedule now. It is taken out of the rayon schedule.

**Senator GEORGE.** It is taken out of the rayon schedule?

**Mr. Roscott.** Yes, sir; and put under the chemical schedule.

**Senator SACKETT.** We do not have anything to do with the chemical schedule.

**Mr. Roscott.** It is not a chemical. I maintain it is rayon.

**Senator SACKETT.** It is wrong to take it out of the rayon schedule then, is it?

**Mr. Roscott.** Yes, sir; because it is not used for any other purpose. It is not used for any other purpose. It is used for dress goods the same as nitrate cellulose or visca or cellulose hydrate.

**Senator BINGHAM.** And that was included under section 1302 heretofore?

**Mr. Roscott.** Yes, sir.

**Senator BINGHAM.** That is old paragraph 1213, products of cellulose, is that it?

**Mr. Roscott.** Yes.

**Senator BINGHAM.** Fifty-five cents per pound?

**Mr. Roscott.** Yes, sir.

**Senator BINGHAM.** Are you speaking of the cellanese now?

**Mr. Roscott.** Yes, sir.

**Senator BINGHAM.** The duty under the present law is 55 cents per pound.

**Mr. Roscott.** Yes, sir. There is a Treasury decision where we should pay 60 per cent now under the present law. I do not know the exact number of the decision, but there is one.

**Senator SACKETT.** Sixty per cent or 60 cents?

**Mr. Roscott.** Sixty per cent.

**Senator SACKETT.** That puts it on an ad valorem basis?

**Mr. Roscott.** Yes, sir.

**Senator SACKETT.** It has been transferred now to a new rate of 50 cents per pound?

**Mr. Roscott.** Yes, sir.

**Senator SACKETT.** What would that be on an ad valorem basis, do you know?

**Mr. Roscott.** To-day at the foreign prices it would mean about 50 per cent ad valorem.

**Senator SACKETT.** Fifty cents per pound would mean what ad valorem rate to-day?

Mr. ROSCOTT. It would mean——

Senator SACKETT. What does it sell at per pound?

Mr. ROSCOTT. It all depends on the denier. Say 100 denier, which is the most popular size, that sells for about \$3.20 a pound.

Senator SACKETT. \$3.20?

Mr. ROSCOTT. I believe that is right.

Senator SIMMONS. Is that the clothing or the yarn?

Mr. ROSCOTT. That is the yarn.

Senator SACKETT. That is the waste. I see.

Senator BINGHAM. Is your material made of the cellulose acetate rayon waste?

Mr. ROSCOTT. Yes, sir. It is the waste that has been raised for the yarn also has been raised. The waste is a by-product of the yarn.

Senator SACKETT. That is, we ought to transfer the waste——

Mr. ROSCOTT. I brought some samples to explain this.

Senator SACKETT. We are trying to get at what you mean.

Mr. ROSCOTT. This is rather ambiguous. I do not see why the waste is mentioned and the yarn is not mentioned.

Senator SACKETT. The yarn is left where it was.

Mr. ROSCOTT. The yarn is under the chemical schedule now.

Senator BINGHAM. Why is that?

Mr. ROSCOTT. I do not know.

Senator BINGHAM. Why do you think it is?

Mr. ROSCOTT. Because it is provided for. I can not see anything in the schedule of rayon——.

Senator BINGHAM. Is not your trouble then that you refuse to admit the use of the word "rayon" covers your product?

Mr. ROSCOTT. I am an importer. I import all of them.

Senator BINGHAM. Well, I am talking about the products in which you are interested.

Mr. ROSCOTT. I am interested in every line of rayon.

Senator SACKETT. Cellulose acetate rayon would still be under this schedule, but the waste has been transferred to the chemical schedule, is that it?

Mr. ROSCOTT. Yes, sir. And I ask why it should be. There is no other raw material. It is the same raw material as cotton linters or wood pulp. It contains no other chemical.

Senator SACKETT. You are only interested in waste?

Mr. ROSCOTT. I am interested in all of them, because I import the waste as well as the yarns.

Senator SACKETT. The yarn would be imported under this. It says: "The term 'rayon' shall apply to any thread, filament of fibers produced from a cellulose compound by whatever process made and by whatever name known."

Why does that not cover you?

Mr. ROSCOTT. It does not cover the waste.

Senator BINGHAM. The only thing that has been transferred is the waste. All the rest is under this schedule and the waste has only been reduced 5 cents per pound. The present duty is 55.

Mr. ROSCOTT. The present duty or——

Senator BINGHAM. It has been reduced to 50. You stated it had been increased to 80.

Mr. ROSCOTT. But other cellulose waste, such as visca, hydrate cellulose, or cupro-ammonia, only pay 10 per cent duty under the new schedule as well as under the old.

Senator BINGHAM. What is your complaint then as an importer?

Mr. ROSCOTT. Why should I pay a higher duty on acetate waste than I have on the other cellulose waste?

Senator BINGHAM. You are paying 55 cents a pound.

Mr. ROSCOTT. No; I am only paying 10 per cent on waste at the present schedule. Under the new schedule I pay 10 per cent.

Senator SACKETT. On acetates?

Mr. ROSCOTT. Not acetate.

Senator SACKETT. That is what he said. What are you paying on acetate?

Mr. ROSCOTT. Twenty per cent. There is T. D. decision, which is not decided as yet, and I can not tell what I have to pay.

Senator SACKETT. What have you been paying?

Mr. ROSCOTT. I have been paying 10 per cent until about a year ago.

Senator SACKETT. On acetate waste?

Mr. ROSCOTT. Yes, sir; and all waste 10 per cent. Then one of my shipments was held up as being made out of a different chemical and we are fighting it in court.

Senator SACKETT. Is that 20 per cent ad valorem?

Mr. ROSCOTT. Twenty per cent ad valorem.

Senator SACKETT. They propose to put it at 50 cents a pound?

Mr. ROSCOTT. Yes, sir.

Senator SACKETT. Is that an increase on the 20 per cent ad valorem?

Mr. ROSCOTT. Yes, sir.

Senator SACKETT. How much of an increase?

Mr. ROSCOTT. We bought it in Europe for 40 cents a pound, the waste; 20 per cent of 40 cents would be 8 cents.

Senator SACKETT. And they raised it from 8 cents to 50 cents?

Mr. ROSCOTT. Yes, sir.

Senator SACKETT. What reason was given for that?

Mr. ROSCOTT. I do not know the reason.

Senator BINGHAM. It is not because it is possible to convert it into true rayon very easily?

Mr. ROSCOTT. No, sir; it can not be converted back to the raw material and be used in the manufacture of acetate—you have got to have a big factory and machinery before you do that.

Senator BINGHAM. It can be done and the acetate taken out?

Mr. ROSCOTT. Yes, sir; if you spend about \$5,000,000 to erect a big factory you can do it.

Senator SACKETT. Has anybody erected a factory for doing that here?

Mr. ROSCOTT. No, sir. I do not think there would be anybody that would do it.

Senator SACKETT. You can not give any reason why it has been increased from 8 cents to 50 cents?

Mr. ROSCOTT. The only reason I can give is that the firm of Dupont & Co. have gone laterly into the manufacture of acetate. That is the only reason I can give for it.

Senator SACKETT. Do you know whether they need it at all? Do they need to have the duty that high?

Mr. Roscott. Yes, sir. There is so much in the acetate process that no duty is needed. I mean, no increase of duty is needed. A duty of 25 per cent would protect the acetate process as well as the other industry. I have heard a lot of testimony here this morning but none of them has shown the cost of rayon material. We all know about the raw material in this country. A pound of wood pulp costs  $4\frac{1}{2}$  cents. The chemical used in that pound of viscose costs about 8 cents. That makes it  $12\frac{1}{2}$  to 14 cents for the raw material. The labor in this country is twice as much as in Europe. I have gone to Europe and I am going to Europe twice to three times a year. I am very well posted on the factory cost in Europe and I am posted on what they pay here.

Senator SACKETT. What are those figures?

Mr. Roscott. The figures in Europe?

Senator SACKETT. How much are they?

Mr. Roscott. A girl over there—for instance, take an Italian girl which is the cheapest labor—they get at the present time between 25 and 28 lire a day.

Senator SACKETT. How much is that in American money?

Mr. Roscott. \$1.15 to \$1.20 a day. It all depends on the exchange.

Senator SACKETT. You heard it said a while ago that they got 40 cents a day. Is that true?

Mr. Roscott. I doubt it very much.

Senator SACKETT. You got it?

Mr. Roscott. Because I go over there very often and I have known of the manufacturers, the large as well as the small ones—

Senator SACKETT. And they pay \$1.15 to \$1.25?

Mr. Roscott. Yes, sir.

Senator SACKETT. What did they pay here?

Mr. Roscott. They pay here an average of about 40 cents an hour.

Senator SACKETT. Is that an 8-hour day?

Mr. Roscott. That was told me only last week by a representative of the firm of Dupont that they paid 40 cents an hour.

Senator SACKETT. That would be about \$3.20 a day?

Mr. Roscott. Yes, sir.

Senator BINGHAM. They do not have an 8-hour day in those factories, do they?

Mr. Roscott. I do not think a girl could work eight hours in a factory. I do not believe they work any longer than seven hours because they have got to have very dry fingers and I do not think they could work eight hours.

Senator BINGHAM. You think the American girl gets from \$2.75 to \$3?

Mr. Roscott. Yes, sir; which bears out the figures which I will submit in a brief.

Senator SIMMONS. And the French girl?

Mr. Roscott. The Italian girl, \$1.15 to \$1.25. The French pay a little bit more. The Germans pay considerably more. The Dutch still more and the English still more than that.

Senator SIMMONS. What do the Germans pay?

Mr. Roscott. About \$1.50 a day. Some factories pay more. It depends on the deniers which you get.

I will come back now to the cost of the raw material. The labor here gets about \$3.50 to \$3.80. We need, to make a pound of viscra yarn of 150 denier, about 1½ pounds of raw material; that is, of wood pulp or cotton linters. Cotton linters cost about 6 cents. Cotton linters are used in Europe just as well for the hydrate cellulose and for different other processes. You have to import the cotton linters from the United States; consequently they cost more in Europe than they cost over here. Wood pulp has to be imported from Canada or from Sweden or from Norway. We need the same thing over here. We have got to import it. It costs exactly the same here as in Europe. In fact, to-day, our American factories use more Canadian wood pulp. The freight rate from Canada over here by lake steamer or otherwise is just as cheap as from Canada to Europe.

Senator SACKETT. You went all over this in the House hearings, did you not?

Mr. ROSCOTT. No, sir.

Senator SACKETT. What was the percentage of the cost of your firm did, did they not?

Mr. ROSCOTT. It did not get to the cost of the raw material over there.

Senator SIMMONS. What you are saying now goes to the cost of production abroad in connection with the material that enter into the manufacture?

Mr. ROSCOTT. The raw material cost is the same over here as in Europe. The machinery cost over here is just as cheap as in Europe.

Senator SIMMONS. The duty difference then is in labor?

Mr. ROSCOTT. Yes, sir.

Senator SIMMONS. What per cent of the total cost is labor?

Mr. ROSCOTT. About 45 per cent of the cost of the raw material. I have a book on the rayon industry, which is a guide for the rayon industry for the last 15 years. That was published in 1921, but there were other books before.

Senator SIMMONS. The question I asked was what per cent of the total cost of production is labor?

Mr. ROSCOTT. Labor is 45 per cent of the cost of the raw material.

Senator SIMMONS. It is 45 per cent of the cost of the raw material?

Mr. ROSCOTT. Of the raw material.

Senator SIMMONS. That is the cost?

Mr. ROSCOTT. Yes, sir.

Senator SACKETT. You are interested in this import duty on cellulose acetate waste?

Mr. ROSCOTT. I am interested in the entire rayon industry. I import yarn as well as waste.

Senator SACKETT. Are you objecting to the duty on the yarn now?

Mr. ROSCOTT. The duty on yarn should be, instead of 45 per cent minimum per pound, 35 per cent ad valorem and I believe that gives the American manufacturers sufficient protection for their capital as well as for labor, because we know the tremendous profit the rayon industry has made and if you will let me quote what the House committee said to me I will quote it, if I am permitted to quote it.

Senator SACKETT. Go ahead.

Mr. ROSCOTT. Well, Mr. Jim Bloom at the time told me we have to give protection to the small manufacturers in the United States, and therefore we have changed our first reading to 45 cents a pound,

as it was in the old tariff. We have been pretty hard pressed, he said, and we are told 45 per cent ad valorem is not sufficient protection. Now, then, the bill had been passed, and on the 17th of June the American domestic manufacturers came out and reduced the price from 15 to 35 cents a pound. Now, if there is not enough profit in there, why do they reduce it? There was no call for it. They could have sold at the price just as much and the importation has not grown any; just the contrary, it has gone down. The importation has gone down. But it is the idea undoubtedly—at least, I do believe—that it is simply to kill the small domestic manufacturer, because the concern who reduced the price is tremendously strong, financially as well as otherwise. They started it. And the vice president and the manager of another domestic mill made a statement in the Journal of Commerce that it was not necessary to reduce the price because they were not going to sell any more or less. They will sell the same amount. Attention was called to the importation of that month, which was rather high, but we all know that there was a strike down South and the same concern—and the mother plant is over in Europe—they imported material in order to fill the order they had taken from their domestic plant and, therefore, you perhaps will find that the importation has been somewhat higher. But the importation sooner or later will stop if we have to pass this duty because we can not afford to do business. I believe the importer ought to be considered, too. He pays taxes to the Government. We paid over \$7,000,000 in taxes. I do not mean my firm, but the importers last year in importations, and I believe we ought to have just as much consideration.

Senator SIMMONS. When was that reduction made?

Mr. ROSCOTT. On the 17th of June this year.

Senator SIMMONS. From what sum to what sum?

Mr. ROSCOTT. From 15 to 35 cents a pound.

Senator SIMMONS. From what?

Mr. ROSCOTT. The price was \$1.50, and the next day after the tariff hearing one company came out and reduced the price to \$1.35 on 150 denier. When I say \$1.50 per pound I mean 150 denier, because that was the strongest selling product and certain mills only produce the 150 denier and do not go any finer.

Now, then, that was going on for about two months, from April on. Then the 17th of June the Dupont Co. came out and reduced their selling price from \$1.35 to \$1.15 and \$1.10, respectively, on the different numbers, which I can not exactly tell you right now.

Senator SIMMONS. From \$1.50?

Mr. ROSCOTT. From April to June that was in. There came two reductions which amounted to a reduction from \$1.50 to \$1.15.

Senator SIMMONS. Was that followed by other concerns?

Mr. ROSCOTT. They had to follow it. They always do.

Senator SIMMONS. They always do that?

Mr. ROSCOTT. Yes, sir.

Senator SIMMONS. Let me see if I understand you. I understand you to say that the raw material of the rayon is a certain thing. Cellulose as a raw material is only used in the manufacture of the acetate process?

Mr. ROSCOTT. No. Cellulose is actually used in every process of rayon.

Senator SIMMONS. It is used in all of them?

Mr. ROSCOTT. Yes, sir.

Senator SIMMONS. I misunderstood you.

Mr. ROSCOTT. It is used in all, but in the acetate there is a certain ether and a certain other chemical added to it. That chemical does not cost so much more. Some prefer the acetate for certain purposes.

Senator BISHAM. Your chief objection is to including cellulose acetate rayon waste in the chemical schedule, paragraph 31?

Mr. ROSCOTT. I would not say that was my chief objection. I would say my general objection is to the entire tariff as it is written, because I do not think—

Senator SIMMONS. You want that ad valorem rate?

Mr. ROSCOTT. I believe an ad valorem rate of 35 per cent protection for all the manufacturers of rayon in this country. I have heard statements made this morning in reference to twisting. I want to explain to you that there are certain yarns coming in twisted. Our rayon yarn has a two and a half turn. There are certain special yarns which are offered in the domestic market at five turns which does not cost a cent more. Now, there has been a request made for 1 and 2 cents per turn. I believe that is ridiculous, because at five turns, which they all make here—if you request even a seven turn they will make it for you—the importer would be punished; but the domestic manufacturer don't ask his customers to pay more for a 7-turn or a 5-turn or a 2½-turn.

Senator SACKETT. One turn would be made as easily as another?

Mr. ROSCOTT. Yes, sir.

Senator SACKETT. Have you got some samples here?

Mr. ROSCOTT. Yes, sir. Here is the unspun fiber.

Senator SACKETT. Is that visca?

Mr. ROSCOTT. That is visca; yes, sir. Here is the same fiber cut ready for spinning. It all depends upon what process. It is ready for spinning into rayon yarn—spun rayon. Now, I will show you the waste. Here is the waste, which is a by-product—

Senator SACKETT. Is this the acetate waste—the cellulose acetate?

Mr. ROSCOTT. It is not. It looks the same—identically the same. There is no difference. They look the same.

Senator SACKETT. Have you got any sample of the cellulose acetate waste here?

Mr. ROSCOTT. No. It looks the same.

Senator SACKETT. But that is the principal thing you have been talking about here. Why did you not bring some samples of that?

Mr. ROSCOTT. I have not got it and I can not get it.

Senator SACKETT. Do you not import any?

Mr. ROSCOTT. What I have imported I have sold. I wish I had a little more acetate. I can sell more.

Senator SACKETT. Even at the increased duty?

Mr. ROSCOTT. I have not charged my customers more. That is our understanding. If I lose, they pay more.

Senator SIMMONS. You say the foreign manufacturers use the cotton linters?

Mr. ROSCOTT. Yes, sir.

Senator SIMMONS. Do the American manufacturers use the cotton linters?



Mr. Roscott. Yes, sir.

Senator SIMMONS. I thought they did not use any cotton.

Mr. Roscott. Yes, sir; all hydrate cellulose is cotton linters, and in the visca process you can use cotton linters. It is used by the American Visca Co. partly and also by the Du Ponts.

Senator SIMMONS. Do you know about what per cent of the total raw material is cotton linters?

Mr. Roscott. In the hydrate cellulose it is 100 per cent raw material; also in the cupro-ammonia process it is 100 per cent, except the chemical, but the basic raw material is the cotton linters. We export a good many pounds to Europe for that purpose.

Senator BINGHAM. You said you have difficulty in getting this acetate waste at present?

Mr. Roscott. Yes, sir.

Senator BINGHAM. You bought all there was in sight?

Mr. Roscott. No. The domestic mills, as well as the foreign mills, they turn it back into the raw material. I have a letter—I am sorry I did not bring the letter—

Senator BINGHAM. I thought you said a few minutes ago they did not turn it into raw material?

Mr. Roscott. I did not say that. You misunderstood me.

Senator SACKETT. Have you got anything further?

Mr. Roscott. No. I thought perhaps you might have some questions to ask. I am ready to answer them.

Senator SACKETT. Well, I think we asked about all we know. We will take the next witness.

#### STATEMENT OF A. C. STAFFER, NEW YORK CITY, REPRESENTING THE SILK DEFENSE COMMITTEE

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

Senator SACKETT. What do you want to speak on?

Mr. STAFFER. Paragraph 1301.

Senator SACKETT. That is the primary act?

Mr. STAFFER. Yes, sir. I wish to recommend a special classification for my rayon yarns thrown, the same as you have a special provision for silk thrown.

Senator SACKETT. Is that the same argument that was made by the twisters?

Mr. STAFFER. Yes, sir.

Senator SACKETT. Do you want to simply advocate what they have already advocated?

Mr. STAFFER. Yes, sir. I want to advocate a special classification for rayon yarns imported as crêpe (thrown).

Senator SACKETT. Well, what duty do you want?

Mr. STAFFER. It depends. If you have specific rates it would depend on the number of turns. You would have to have a graduated scale. I would say to start in with 30 turns and the difference would have to be 40 to 50 cents per pound for over 30 turns.

Senator SACKETT. Somebody came in and said they should have 2 cents per turn per pound.

Mr. STAFFER. Well, that could be done, but it would be a practical graduating system.

Senator SACKETT. Are you a manufacturer of it?

Mr. STAFFER. I am a throwster also; yes, sir.

Senator SACKETT. What does it cost to do this?

Mr. STAFFER. Well, that depends on the number of turns. I would say from 30 turns up it would start in with 40 cents and then go up to 55 to 60 cents, according to the twist. The higher you go the more it costs.

Senator SACKETT. Can you give us any definite figures?

Mr. STAFFER. I would have to study that. I have no definite figures here.

Senator SACKETT. We can not build a tariff upon anything but definite figures.

Mr. STAFFER. Correct.

Senator SACKETT. If you have not got any definite figures, I do not see how you can aid us very much.

Mr. STAFFER. I would say for rayon yarns containing above 30 turns, put in 40 cents extra, if you have specific rates.

Senator SACKETT. But you are simply saying to put it in. What is there to base it on? Can you give us any figures to show that it costs 40 cents to do it?

Mr. STAFFER. It is an entirely additional conversion cost. It has to go through various processes of spinning.

Senator SACKETT. May be it only costs 20 cents and you want 40 cents. Now, where are we?

Mr. STAFFER. I am not prepared to give you any definite figures now, but I wish to point out we should have a special classification and shall gladly furnish a definite proposal later.

Senator SACKETT. All right, sir. We will make a note of that.

Mr. STAFFER. Conditions may come up later that the Tariff Commission may want to take it up and if we have a classification it will be an easy matter to remedy it.

Senator BINGHAM. How many years have you been appearing before committees on the tariff?

Mr. STAFFER. Since 1921.

Senator BINGHAM. Only since 1921?

Mr. STAFFER. Yes, sir.

Senator BINGHAM. I thought it was longer than that.

Mr. STAFFER. The last tariff act. I was formerly an examiner of silks.

Senator SACKETT. Is that all?

Mr. STAFFER. Yes, sir.

### AFFIDAVIT OF JOHN H. BENNETT, NEW YORK CITY

The buying of rayon yarns and their manufacture into cloth, and keeping informed as to both domestic and foreign quotations for rayon yarns are part of my daily occupation. Tenders have been made me from day to day, within the last 30 days, of 150-denier first-quality rayon yarn of foreign manufacture at prices which, after deducting the 45-cent specific duty and the cost of consultation, customs and entry charges, and transportation, amount to from 52 to 57 cents per pound. As to the customs entry of that rayon yarn, the 45-cent specific duty is equivalent to an ad valorem duty of 79 to 86 per cent. The highest duty provided in House bill 2667 for the corresponding number of cotton yarn is 20.8 per cent. The highest duty provided in that bill for any cotton yarn is 37 per cent.

I have referred to bills for foreign rayon yarn issued a short time before the passing of the tariff bill now in effect. I find as typical a citation of a bill of August 30, 1922, for 150-denier foreign rayon yarn, Grade A, at \$2.80 per pound, which, after deducting trade discount, consultation, customs and entry charges, and transportation, is the equivalent of \$1.77 per pound. As to the customs entry of that rayon yarn, the 45-cent specific duty was the equivalent of an ad valorem duty of 25 per cent. In antithesis to this, the citation of the first paragraph is repeated, i. e., the 45-cent specific duty on recent quotations for foreign rayon yarn is the equivalent of an ad valorem duty of 70 to 80 per cent.

JOHN H. BENNETT.

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

Be it remembered that on this 19th day of July, 1929, before me, John T. T. Johnston, a notary public of the State of New York, personally appeared John H. Bennett, of No. 9 Washington Square North, city of New York, County of New York, State of New York, to me known and known to me to be the above named, and who made oath that the statements of the foregoing instrument are true to the best of his knowledge and belief.

Witness my hand and official seal the day and year aforesaid.

[SEAL.]

JOHN T. T. JOHNSTON,  
Notary Public, Queens County.

## RAYON WASTE, CUT FIBER, STAPLE FIBER, ETC.

[Par. 1302]

### STATEMENTS OF MEREDITH F. PORTER, PHILADELPHIA, PA., AND A. H. ACKERMANN, NEW YORK CITY, REPRESENTING THE ASSO- CIATED SPUN RAYON GROUP

[Including spun rayon yarn, par. 1303]

(The witnesses were duly sworn by the chairman of the subcommittee.)

Mr. PORTER. We are the selling agents for the National Rhea Co., of Putnam, Conn., and are associated with them in the presentation of this brief.

Mr. Ackermann is vice president of the Abeco Mill (Inc.) and also associated in the presentation of this brief.

Senator SACKETT. You want to speak to what sections?

Mr. PORTER. Paragraphs 1302 and 1303.

Senator GEORGE. You said you are the selling agent of what concern?

Mr. PORTER. The National Rhea Co., spinners of spun rayon yarn.

Senator SACKETT. You are speaking to a crew that does not know very much about this thing. Are spun rayon yarns made out of the items that are included in paragraph 1302, rayon waste?

Mr. PORTER. Yes, sir.

Senator SACKETT. Cut fiber?

Mr. PORTER. Yes.

Senator SACKETT. Staple fiber?

Mr. PORTER. Yes.

Senator SACKETT. And are covered by that duty?

Mr. PORTER. Yes, sir.

Senator SACKETT. And then the spun yarn is covered by an additional duty.

Mr. PORTER. In paragraph 1303.

Senator SACKETT. In 1303?

Mr. PORTER. Yes, sir; paragraph 1303.

Senator SACKETT. Is spun yarn made as spun yarn abroad and imported into this country?

Mr. PORTER. Yes.

Senator SACKETT. So one is the raw material which you use?

Mr. PORTER. Yes.

Senator SACKETT. The other is the manufactured product?

Mr. PORTER. That is correct.

Senator SACKETT. In what are you interested in accomplishing here?

Mr. PORTER. Just to illustrate the point, this is the first raw material we use—waste [indicating].

This is the other raw material, the staple fiber [indicating].

I think if I can follow along with this for a moment you can get the thought better.

The Associated Spun Rayon Group whom we represent is composed of 16 manufacturers in Pennsylvania, New York, and New England, and represents the great majority of the manufacturers of spun rayon.

Spun rayon should not be confused with the larger and better known denier rayon industry. The spun-rayon industry is a new industry of American origin developed largely since the enactment of the law of 1922.

Unlike the larger denier rayon industry the spun-rayon group employs no chemical processes whatever. Its raw material is rayon waste or its corollary, staple fiber, the former being the rejected filaments from the denier rayon manufacturing plants which formerly were regarded as useless.

Being a new American industry, largely developed since the enactment of the 1922 law, it is our belief that its requests fall distinctly within the class mentioned by President Hoover as being entitled to especial consideration at this time. It is the first request that this new industry has made for tariff protection.

Our original brief appears on pages 6777 to 6795, inclusive, of the revised print on the hearings on Schedule 12 in the House. (Statement of N. S. Campbell.)

The rates proposed in H. R. 2667, as originally presented in the House, indicated to us clearly that we had failed in our original efforts to draw the needs of our industry to the attention of the committee. Realizing this we immediately appealed to Chairman Hawley and to Congressman Chindblom, chairman of the subcommittee dealing with this subject, asking them to give us an opportunity to further present our case.

This opportunity was granted to us; and, in accordance with their desire, we presented supplementary information which is undoubtedly in the files before your committee.

As a result of the further evidence which we placed before the committee, a committee amendment was made to paragraphs 1302 and 1303 which amendment was duly passed by the House and is incorporated in the bill as presented in the Senate.

Speaking with regard to this committee amendment in the House, Chairman Chindblom said:

In explanation and perhaps in defense of the original proposal in this schedule I might say that if we had had all of the information in the beginning, when we began to write this schedule, we might have avoided the necessity for the readjustment which we are now proposing in these amendments.

Senator BINGHAM. Are you going to give us a copy of that amendment so that we can have it before us?

Mr. PORTER. Yes, sir. It is in H. R. 2667 as presented in the Senate.

Senator BINGHAM. Yes; but I wanted to know what it is.

Mr. ACKERMANN. It is on page 1968 of the Congressional Record of May 25.

Senator GEORGE. You want to retain the present rates in paragraphs 1302 and 1303 as the House fixed them?

Mr. PORTER. With one slight exception, which we will come to.

The Associated Spun Rayon Group was informed of this proposed amendment a day or so prior to its presentation in the House. A close study of it showed us that, with one single exception, that of fine count yarns, a vitally important item to our industry, the committee had recognized the soundness of the proposals in our original brief.

Realizing that the subcommittee was by this time relatively familiar with this particular subject; and, in the hope of eliminating the necessity of going over all this ground again in the Senate, we made a final effort to secure protection on these fine yarns, as can be seen by the statement made by the Hon. Carl R. Chindblom on the floor of the House, which we desire to quote as follows:

I will say one more thing: We have a complete new classification of spun-rayon yarn. One manufacturer of this yarn came to me this morning and said they still thought the rates were not quite sufficient for some forms of yarn, and just to show you the difficulties in the matter they showed that during the month of April the importations of certain yarns—2-ply 26s, as I recall it—suddenly jumped from 19,000 pounds in March to 48,000 pounds in April. I might say also that these figures have just become available. (Congressional Record, p. 1968, May 25, 1929.)

It was, however, unfortunately too late for the matter to receive further consideration in the House, as our plea was offered on the morning of the day in which our amendment was presented and passed in the House.

Our present position is, therefore, that paragraph 1302 as proposed in the bill as presented to the Senate in our opinion appears to largely equalize the cost of production here and abroad and, in its present form, this paragraph appears to us to be equitable.

Senator SACKETT. You have heard the effort that has been made here as to paragraph 1302, to have cut fiber and staple fiber increased from 20 per cent to 20 cents per pound?

Mr. PORTER. Yes, sir.

Senator SACKETT. And your belief is that it ought to stay at 20 per cent?

Mr. PORTER. Yes, sir.

Senator SACKETT. Do you know anything about the cost of production of it in this country, as to whether it is ample for them or not, or is it simply because you are using it as a raw material in your work that you would like to get it as cheaply as you can?

Mr. PORTER. Basically we would naturally like our raw materials free of duty and a high duty on our manufactured product, but we

do not think that is fair, and we do not expect it. The rate that the Government has set on it is 20 per cent, and we have simply based our request for compensatory duties upon that rate. If your committee should decide that 20 cents a pound is a proper rate to put on staple fiber, and we think personally that it would seriously injure the business—we will say that we would like a compensatory duty to equalize that.

Senator SACKETT. But you do not want to be understood as passing upon whether that 20 per cent is actually sufficient for those manufacturers that are making cut fiber?

Mr. PORTER. No, sir. Personally I am not in position to pass upon that point. Mr. Ackermann might have something to say.

Mr. ACKERMANN. It seems to me it is a question of the range in which this product may be sold. If you get the price of this staple fiber so high that you can not manufacture tops of it and spin them into yarn and sell them in a commercial way as against denier rayon or other textile products, then, of course, there will be no use for this staple.

Senator SACKETT. Do you think 20 cents a pound would cause that situation?

Mr. ACKERMANN. I do.

Senator SACKETT. Do you think it can be manufactured and maintained in this country?

Mr. ACKERMANN. I do. I know that I have had offers at 50 cents a pound from American manufacturers.

Senator SACKETT. Do you think that it could be continued on this 20 per cent as a manufacturing business, making this cut staple on 20 per cent ad valorem?

Mr. ACKERMANN. That is a little involved.

Senator SACKETT. I say, Mr. Ackermann, do you think this 20 per cent would maintain that business of making cut fiber?

Mr. ACKERMANN. I do. That is the old rate, besides.

Senator SACKETT. You heard them ask for 700 per cent increase?

Mr. ACKERMANN. That is all right. You gentlemen will have to decide that.

Senator SACKETT. It is either all right or all wrong, but we are trying to get the information.

Mr. ACKERMANN. We would rather see waste and staple fiber come in free, obviously, but upon the basis of revenue to the United States and upon the basis of reasonable protection to American industries here, we do think 10 per cent on waste and 20 per cent on staple fiber fair and equitable and just.

Senator SACKETT. If it takes more than that you think it would be better not to attempt to make it so?

Mr. ACKERMANN. We can not sell it. I am having difficulty in selling yarns to-day out of a staple fiber made on the worsted system, and asking only 10 cents a pound or 12 cents a pound over and above the price of yarns made from waste. Add 20 cents to it and the conclusion is obvious.

Senator BINGHAM. Are your yarns made from this cut staple fiber?

Mr. ACKERMANN. We have made a little. Most of our calls to-day, on account of the price proposition, are for spun rayon made from waste and tops made from waste. We have made some from both.

Mr. PORTER. We have made a large amount of yarn from both.

Senator BINGHAM. The latter part of that paragraph says "sliver or tops, 10 cents per pound and 30 per centum ad valorem."

Mr. ACKERMANN. Yes, sir.

Senator BINGHAM. In this business are tops made from waste or from staple fiber?

Mr. ACKERMANN. They are made from both, or may be made from both.

Senator BINGHAM. They may be made from both?

Mr. ACKERMANN. Yes, sir. There is a small part of a top [indicating].

Senator BINGHAM. Do you make this?

Mr. ACKERMANN. Yes, sir.

Mr. PORTER. This [indicating] represents a spun yarn, the final product.

Senator BINGHAM. Then, to complete my question—

Mr. PORTER. This [indicating] will show you the denier yarn, which is entirely different.

Senator BINGHAM. If the staple fiber is put at 20 cents a pound and the duty on tops only 30 per cent ad valorem, you could not make any tops?

Mr. ACKERMANN. No.

Senator BINGHAM. Because the costs would be too great and there is not enough compensatory duty there to take care of the manufacturing of tops from staple fiber?

Mr. ACKERMANN. But over and beyond that you have the very practical problem of having this material within a given price range. The minute you get beyond that price range it kills it. We have cycles, and history repeats itself constantly.

Senator BINGHAM. To whom do you sell these tops?

Mr. ACKERMANN. We sell it to our friends, the National Rhea. We use it ourselves in spun yarns.

Mr. PORTER. And sell it to the trade in general.

Senator BINGHAM. What is the next step?

Mr. ACKERMANN. Roving, and then yarns. But roving is a part of the process of making yarns.

Senator SACKETT. It looks as though we were up against it here. Here is one group of manufacturers who want to make staple fiber, and in order to make that they have to get a duty, they say, of 20 cents a pound. Now, there comes another set of manufacturers who say, "We use staple fibers, and if you put it at 20 cents a pound we go out of business because we can not sell within the price range."

Mr. ACKERMANN. That is very true.

Senator SACKETT. Is there any way in which you can get together?

Mr. ACKERMANN. As nearly as I can see it, those gentlemen who spoke before us and said they would like 20 cents are selling to cotton spinners, people who spin this material on the cotton system. That is a new development.

The old development, the first and original idea, was to take this waste and finally straighten out these fibers, make them parallel, and in the old form way of worsted spin them into yarn.

My company is the oldest company in this specialized field. We used over 900,000 pounds of waste last year.

Owing to a fact that Mr. Porter will bring out presently with respect to the finer counts and the heavy importations of fine count yarns, we are operating to-day at about 50 per cent capacity. We did not intend to discuss the question of waste and staple fiber to-day because we felt that it might be that your committee would take the paragraphs as written, but if you wish we will be very glad to go into any and every phase of it. We are stressing to-day the duty on the fine counts of yarn, which represent 90 per cent of the imports of spun yarns.

Senator SACKETT. It looks to me like it doesn't do you much good to stress your duties on your product if your raw material is going to be put up to 20 cents a pound.

Mr. ACKERMANN. That is, staple fibers?

Senator SACKETT. Yes.

Mr. ACKERMANN. Should that happen we would have to proceed along the line of abandoning it or becoming an agency of some foreign concern.

Mr. PORTER. We, therefore, confine our requests before your body entirely to paragraph 1303, which deals with spun rayon yarn which is the product manufactured from the materials mentioned in paragraph 1302.

The commercial sizes in which these yarns are used at present vary from 2/14s to 2/30s, based on the worsted system of measurement. Each size finer than the basic size of 14s has additional labor costs which are an important element in the cost of manufacture.

It will be easily understood, therefore, that a duty which is fair and equitable for 2/14s can not afford reasonable protection to American labor on the finer counts. Knowing this from years of manufacturing experience we requested in our original brief (page 6780 revised hearing on Schedule 12) that a basic duty be placed on size 148s and that additional protection be granted in increasing ratio on each succeeding finer count, in order to cover the difference in manufacturing costs due to the additional labor costs involved.

That this form of protection is necessary in yarns is recognized in paragraph 1003, covering jute; paragraph 1004, covering flax, hemp, or ramie; 901, covering cotton; 1107, in the wool schedule; and even in the new paragraph 1301 covering denier rayon, as can be seen by referring to Appendix A, attached hereto.

It is, therefore, obvious that we are only asking for what has already been granted to spinners of all other yarns. Further, it can be clearly seen from Department of Commerce statistics in our original brief that comparable labor costs show that the wages paid by us to our employees are from two and one-half to five times those paid abroad. This will make clear why one given ad valorem duty, affording protection on coarse counts, when applied to the higher foreign values of finer sizes, can never afford protection to the American spinner of fine counts and why an additional specific duty is required.

We respectfully call to the attention of the committee that in our original brief we mentioned that the imports were steadily increasing and that the latest trade information pointed to further increases. This forecast has been substantiated, as can be seen by referring to the official figures issued by the Department of Commerce covering the imports for the months of January, February, March, April, and



May of this year. (The May figures are the latest available at this time.) These figures are given below for your consideration:

1929	Pounds	Value	Unit value
January.....	3,153	\$2,004	\$0.63
February.....	17,610	11,109	.63
March.....	19,287	12,355	.646
April.....	48,968	31,935	.65
May.....	63,604	40,971	.644
Total.....	152,619	98,424	.....

Senator SACKETT. That is of yarn?

Mr. PORTER. Yes, sir.

Senator SACKETT. Spun yarn?

Mr. PORTER. Yes, sir.

Senator SACKETT. Have you got the imports over the past two or three years?

Mr. PORTER. They are in our original brief, sir.

Senator SACKETT. Do they show an increase?

Mr. PORTER. Yes, sir; a decided increase.

If these figures be compared with the imports for the year 1928, as given in Schedule D in our brief (p. 6791, tariff readjustment hearings, 1929), it will be observed that the imports for the first five months of this year exceeded the total imports for 1928 in quantity and that the values were distinctly lower, making the competition even more severe. Member companies of this group report a distinct falling off in their business during the past months due without question to the increasing volume of European imports, as clearly outlined in the table above. It is a fact, which can be proven by inquiries to the appraisers at New York and Philadelphia, through which ports the bulk of the imports come, that over 90 per cent of these imports are in the size commercially known as 2/26 worsted count. Your committee will realize, therefore, the reason that we are vitally interested in protection on the finer counts rather than on the trade basic size of 2/14s.

Senator SACKETT. Have you figured what you need on the final counts?

Mr. PORTER. Yes, sir; just one second. In other words, our concern is to secure a duty which will afford an equalization of cost of production not alone in the lower range of counts but also at the precise point where the bulk of the business is done and where the labor cost represents a larger percentage of the total cost of the finished product. The steadily increasing imports are more and more threatening the life of this new and until recently growing industry of American origin. Reference to our letter of May 24 to the Hon. Carl R. Chindblom will show the importance which we attached to the large increase in imports during the month of April, rising from 19,000 pounds in March to almost 49,000 pounds in April. Examination of the figures outlined above for the month of May will show that the increase during May is even more pronounced, there being imported 63,604 pounds. We have every reason to believe that the June and succeeding monthly imports will be larger.

If the law as proposed by the House is put into effect, it is certain that imports of yarns will continue to increase still further and our industry will be in the position of having been granted very close to an equalization of costs of production on all our raw material and intermediate products and yet it will be impossible for us to make fine yarns, in which the bulk of the business is done, there being no equalization of manufacturing costs on the finer sizes at the rate proposed in the House bill.

The final data submitted by us to Chairman Chindblom on May 24 is undoubtedly available to your committee. We ask that this receive particular consideration as in it we outline four alternative methods by which reasonable protection could be afforded to the finer counts of spun rayon yarn. Of the above-mentioned alternative, we feel that basically the entire schedule of rates as proposed by us in our original brief is by far the soundest, but we can realize that the committee may naturally desire to follow largely the methods of protection advocated in the House bill. Assuming this to be so, we may say that on size 14s we are satisfied with the rate as presented in the House, but that we ask for an increase of 1 cent per number in excess of 14s to afford protection to the finer counts. We therefore request that paragraph 1303 be amended in the following manner:

[Insert part printed in italics]

*"Spun rayon yarn, if single, 10 cents per pound and 45 per centum ad valorem; plied, 10 cents per pound and 50 per centum ad valorem, and, in addition, whether single or plied, 1 cent per number, or part of a number, in excess of 14s; Provided, That, in assessing duties on all such yarn, the number indicating the size of the yarn shall be based on No. 1 in the single measuring 560 yards per pound."*

The tariff committee of the Associated Spun Rayon Group would welcome an opportunity to place before you any further information that you may desire and to answer any questions that you care to ask.

I would like to say that the appendix points out specifically that the principle that we are asking that you apply to our fine yarns has already been applied for years to cotton yarns, jute yarns, to flax, to hemp, to ramie, to wool, and has just been applied in new paragraph 1301 to denier rayon; therefore, we feel we are not asking for something which is unfair.

Senator BINGHAM. I would like to ask whether there is some new use that is likely to be made of these cut fibers and staple fibers? There was something in the testimony this morning that led me to believe that there was a time coming where they would be used a great deal more?

Mr. PORTER. Possibly Mr. Ackermann can answer that more fully than I can, sir, but I believe that the inference is that cut fiber may be more and more used in conjunction with cotton. This industry is in its infancy. It is impossible to tell how far it will go. The characteristics produced in these yarns are so very different from those the ordinary denier rayon. If you look at this [indicating] you will see the high luster, the smoothness, the parallel position of the fibers. In the spun rayon yarn you get the fibers interlaced with each other. You get a soft effect, which is entirely different, and, therefore, it goes largely to an entirely different market.

Senator BINGHAM. Then it does not compete with the others?

**Mr. PORTER.** It does not directly compete with denier rayon, and yet it does indirectly in a small way.

**Senator BINGHAM.** It is older?

**Mr. PORTER.** It is newer development.

**Senator BINGHAM.** This is an article—

**Mr. PORTER.** That is a newer development. It is still in its infancy. It is limited, however, in price, being a waste material, as compared with the denier rayon, which is the original product.

**Senator BINGHAM.** But this is not actually made from the cut fiber and staple fiber, is it?

**Mr. PORTER.** These yarns are made from either the cut fiber—the staple fiber—or the waste.

**Senator BINGHAM.** But they can be made from waste?

**Mr. PORTER.** They can be made from waste. These particular ones are made from waste.

**Senator BINGHAM.** Waste is always cheaper, so they always would be made from waste?

**Mr. PORTER.** Not necessarily.

**Senator BINGHAM.** Why not?

**Mr. PORTER.** If the tariff were changed in the manner that has been suggested on staple fiber, I venture to say that they largely would be made from waste. As it is, there are certain advantages in using the staple fiber. For example, the fibers are more parallel.

**Senator BINGHAM.** If the tariff were changed to help this New Bedford situation, you could make your spun rayon yarn out of the waste?

**Mr. PORTER.** That is true; however, sir, the world's supply of waste is not unlimited.

**Senator BINGHAM.** But it would not help your business?

**Mr. PORTER.** It would hurt it only in that way, that the world's supply is not unlimited. No one makes waste that can avoid doing it in any manufacturing process; consequently, a reduction in the available supply of waste would cause an increased demand for staple fiber, provided it could be bought within a normal price range.

**Senator BINGHAM.** As I gather from your statement, your point is that you would like to be sure of being able to get the staple fibers cheap enough so you could use it if waste became too expensive?

**Mr. ACKERMANN.** No; that is not altogether right, if I may say so. You can not get waste suitable for top making to-day at any price under 38 cents. You have to pay 38 to 40 cents for it. I can not get it. You may get some from American sources, you may get some from European sources, but the quality is not there and the quantities are somewhat negligible. If you were to try to buy a hundred thousand pounds of waste to-day, I venture to say you could not do it. I certainly can not and I am in touch with all the importers and all the manufacturers here in the United States.

**Senator BINGHAM.** Well, now, this cut fiber and staple fiber is not a waste product really, is it?

**Mr. ACKERMANN.** It is not. You asked about waste and staple fiber and the quantities available of both and whether this was a manufactured product or not.

Senator BINGHAM. I asked you if staple fiber is really a waste product or not. It is made directly—

Mr. ACKERMANN. It is specially manufactured, as I understand it. It is made on a spool and cut from a spool.

Senator BINGHAM. I do not see why that would interfere with your business if they were given adequate protection.

Mr. ACKERMANN. It would simply limit it. Where we would like to do a large business to-day, we would not be able to do it.

Senator BINGHAM. And where they would like to do quite a large business they can not do it now?

Mr. ACKERMANN. If they raise their price from 50 to 70 cents, using arbitrary figures—assuming they did that, the tops will have to sell for 90 to 95 cents, and the yarns you will have to sell them for about \$1.40, and then the trade will not buy it. They will buy this denier rayon yarn instead.

Senator SIMMONS. When the yarn goes up the finished product goes up with it?

Mr. ACKERMANN. You are talking about the fabrics, I take it?

Senator SIMMONS. Yes, sir.

Mr. ACKERMANN. Yes, sir.

Senator SIMMONS. The same thing would apply to wool?

Mr. ACKERMANN. Absolutely.

Senator SIMMONS. If you were to double the duty upon raw wool it would follow all the way up until you got to the finished product and the price of the finished product might be made so high that it would hurt the volume of business you would do?

Mr. ACKERMANN. Yes, sir.

Senator SIMMONS. It would affect you in competition with some other products?

Mr. ACKERMANN. Yes, sir. And do not forget, as I said a minute ago, your costs are pyramiding. If you start with this price and add 10 per cent with every step all along the line you can see how things swell.

Senator SIMMONS. These things are really the raw material of the man who makes the finished fabric?

Mr. ACKERMAN. Yes, sir. These two are; yes, sir.

Senator SIMMONS. They are the raw material, just like wool is the raw material for woolen goods.

Mr. ACKERMAN. Yes, sir.

Senator SIMMONS. If you are going to double the duty on that, it is going to affect the price of the finished goods?

Mr. ACKERMAN. Certainly.

Senator SIMMONS. And increase the price of the finished goods?

Mr. ACKERMAN. Yes, sir.

Senator SIMMONS. You may go on with that process of raising the price of raw material until you get the finished goods so high that you will not find any market for it?

Mr. ACKERMAN. That is it, precisely.

(The following table was submitted for the record:)

APPENDIX A.

Showing how the theory of extending additional protection for finer counts (finer sizes) of yarn, employing additional labor, is put in force in the paragraphs of the tariff applying to other classes of yarn than spun rayon.

Class of yarn	Tariff paragraph (H. R. 2667)	Page (H. R. 2667)	Protection on yarns
Cotton.....	901	132	"Not exceeding Number 80, 5 per centum ad valorem and, in addition thereto, for each number, three-tenths of 1 per centum ad valorem; exceeding Number 90, 32 per centum ad valorem." Cotton yarns have always been specifically given additional protection for finer numbers. Even more is granted them under the proposed act. In proposing the increase, Hon. Allen T. Treadway, chairman of the subcommittee dealing with this subject, said: "This change gives . . . a more substantial protection to spinners of fine yarns." (H. Doc. No. 15, comparative print of tariff of 1922 with H. R. 2667, p. 297, re par. 901.)
Jute.....	1003	139	"Coarser than twenty-pound, 2½ cents; twenty-pound up to but not including ten-pound, 4 cents; ten-pound up to but not including five-pound, 5½ cents; five-pound and finer, 7 cents." Jute yarns are therefore graded into four groups of sizes with increasing duties for finer sizes.
Flax, hemp, ramie....	1004	140	"Not finer than twelve-lea, 13 cents per pound; finer than twelve-lea and not finer than sixty-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 twelve-lea; finer than sixty-lea, 25 per centum ad valorem." Flax, hemp, and ramie yarns are therefore graded into varying groups of sizes with increasing duties for finer yarns.
Wool.....	1107	151	"Valued at not more than 50 cents per pound, 27 cents per pound and 30 per centum ad valorem; valued at more than 50 cents per pound but not more than \$1 per pound, 40 cents per pound and 35 per centum ad valorem; valued at more than \$1 per pound but not more than \$1.50 per pound, 4 cents per pound, and 40 per centum ad valorem; valued at more than \$1.50 per pound, 40 cents per pound and 45 per centum ad valorem." Wool yarns are granted additional protection for finer counts in a different manner. It is well known that the finer the count the greater the value—these varying finer counts are graded in five different brackets, each carrying successively higher rates. In proposing these duties, Hon. J. C. McLaughlin (chairman of this subcommittee) said: "The protective rates on yarns valued at more than \$1.50 per pound is increased because imports are of the finer counts and labor is a greater proportion of the total cost." (H. Doc. No. 15, comparative print of tariff of 1922 with H. R. 2667, p. 310, re par. 1107.) This is precisely the point we are placing before your committee.
Denier rayon.....	1301	160	"Weighing 150 deniers or more per length of 450 meters, 45 per centum ad valorem; weighing less than 150 deniers, 50 per centum ad valorem." Denier-rayon yarns are granted additional protection on the finer counts, as the above wording shows.

**STATEMENT OF E. H. LELAND, REPRESENTING THE MERCHANTS NATIONAL BANK OF NEW BEDFORD, MASS.**

[Cut Aber]

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

Mr. LELAND. I am president of the Merchants National Bank of New Bedford.

Senator SACKETT. Did you appear before the House committee?

Mr. LELAND. No, sir; I did not.

I have come here not to talk on the schedules as to the technical end of the rayon matter, but from the banking point of view.

In New Bedford to-day we have the New Bedford Rayon Co. which started operation about a month ago. My associates on the board of directors brought up the question of this cut fiber.

Senator SACKETT. The question of what?

Mr. LELAND. Cut fiber. That is a cut fiber in paragraph 1302, I believe. They are planning on building a plant—well, not building a plant but putting machinery into a plant already built in New Bedford if the duty on cut fiber is put at 20 cents per pound, which I understand will bring it into line and will allow the American manufacturers to start operations in this country.

Senator SACKETT. This duty now in the House bill is 20 per cent ad valorem?

Mr. LELAND. Yes.

Senator SACKETT. In other words, you want a specific of 20 cents a pound?

Mr. LELAND. Yes, sir.

Senator SACKETT. What is the comparison between the two?

Mr. LELAND. I do not understand your question.

Senator SACKETT. What would 20 cents a pound be in ad valorem?

Mr. LELAND. A straight 20 cents a pound as against 4 cents, if I understand it correctly.

Senator SACKETT. You mean 20 per cent ad valorem would be the equivalent of 4 cents?

Mr. LELAND. Approximately.

Senator SACKETT. In other words, you would like to have a 500 per cent increase in duty?

Mr. LELAND. On an absolutely new industry.

Senator BINGHAM. But, as I understand it, the present law gives you 20 cents a pound, anyway.

Mr. LELAND. It does in the law, but it has not been carried out.

Senator BINGHAM. You are not asking for an increase in the present law?

Mr. LELAND. I am not if they will put this law into effect and keep it in effect. I understand they have been bringing in the goods under a 20 per cent ad valorem. Various others who will follow me will explain that. I am not technical enough to go into that. But that is what I understand is true from other authorities here—that the Treasury Department have brought that in under some not specifically mentioned clause, this cut fiber only.

Senator BINGHAM. Is it a waste?

Mr. LELAND. It is a form of waste; yes, sir. Well, I would not say actual waste.

Senator BINGHAM. Any further advanced than slivered or rolling?

Mr. LELAND. Yes, sir.

Senator BINGHAM. Then it would seem the intent of the law makers in 1922 was to give exactly what you are asking now.

Mr. LELAND. If left there we would be perfectly satisfied.

Senator SIMMONS. Is there any of it produced in this country?

Mr. LELAND. As I understand it, about 500,000 pounds. There is about 1,500,000 pounds total production now.

Senator SIMMONS. In this country?

Mr. LELAND. No; world production. We produce about a third of it.

Senator SIMMONS. About a third of it?

Mr. LELAND. Yes. And, as I understand it, it is increasing rapidly.

Senator SACKETT. Where is the 500,000 produced?

Mr. LELAND. I understand about 250,000 is produced by the duPont Co. and that the other various companies produced the other 250,000. That is as I understand it.

Senator SACKETT. Are they joining in this request for the 20 cents?

Mr. LELAND. I don't know. I am only talking from the New Bedford standpoint and not from the general standpoint.

Senator SACKETT. I understand you to say that an organization has been perfected down there?

Mr. LELAND. It has not.

Senator SACKETT. You will perfect an organization?

Mr. LELAND. Yes, sir.

Senator SACKETT. If the duty is made this rate that you will build the necessary plant?

Mr. LELAND. Yes, sir.

Senator SACKETT. And about how many people will that employ?

Mr. LELAND. I was going to state that. We have in New Bedford, as you probably know already, an unemployment situation of between three and four thousand people, due to the shutting down of three yarn plants in the past three years. They liquidated all of them.

Senator SACKETT. Cotton yarns?

Mr. LELAND. Yes, sir. There are three of them liquidated in the past three years, the Fairhaven, the Manomet, and the Sharp Manufacturing Co. The Sharp Manufacturing Co. is in the process of liquidation now. That threw out of work 2,500 or 3,000 people. Some of them have gone away, but, in the long run, we have three or four thousand that would fit into this line of industry.

Senator BINGHAM. Would you be able to use these plants that were formerly used for the cotton?

Mr. LELAND. We already have one. The New Bedford Rayon Co purchased the Manomet No. 1 and No. 2. They are operating in Manomet No. 1 now. They are not in full operation yet.

Senator BINGHAM. But on this particular thing of cut fibers could you use the buildings already in existence?

Mr. LELAND. Yes, sir.

Senator BINGHAM. And the machinery?

Mr. LELAND. No; we will have to buy new machinery.

Senator BINGHAM. You will have to buy new machinery, you say?

Mr. LELAND. Yes.

Senator BINGHAM. Are the people who are under employment sufficiently skillful in this line of work?

Mr. LELAND. Yes, sir; I would say they would fit right in with it.

Senator BINGHAM. New Bedford has been hit harder than any other city in the country in regard to textiles?

Mr. LELAND. I would not say that. I would not say that New Bedford has, but I would say that New England as a whole has been.

Senator BINGHAM. New Bedford is suffering greatly?

Mr. LELAND. Yes. I think Fall River is suffering a little more than we are in the yarn end. We are more of a cloth city than yarn city.

Senator SACKETT. Would it employ as many as three or four thousand?

Mr. LELAND. No; it would not. It all depends upon the amount of marketability of the fiber, which we know now, and we checking still further the marketability of it. From general facts we have at our command now there will be a considerable amount more of this cut fiber used. As I understand it is, it is growing considerably in Germany, Italy, and England.

Senator BINGHAM. What is it used for?

Mr. LELAND. I am not technical enough to say or to give you the facts on that. Someone else will give you that. It is used in clothing, in suitings, and in various other forms. I think the woolen manufacturers are using a great deal of it; I know they are. They are using a great deal of it and mixing it with wool.

Senator SACKETT. It is a shoddy for wool?

Mr. LELAND. They put it in to give it luster.

Senator SACKETT. It makes a different cloth?

Mr. LELAND. Yes.

Senator SACKETT. Have you gone far enough in your estimates and figures to be able to say that unless the duty is 20 cents a pound on this you would not want to go into the business?

Mr. LELAND. That is as the figures are presented to-day, the cost figures. We are having additional cost figures drawn up in this mill at the present time. But at the present time the cost figures would not allow us to go into it without it.

Senator SACKETT. That is a big increase over what they are paying now?

Mr. LELAND. Yes; but there has never been any real market for that stuff up until recent months?

Senator SACKETT. How are these people producing 500,000 of it under the present rate of duty able to do it?

Mr. LELAND. How are they able to do it?

Senator SACKETT. Yes.

Mr. LELAND. As I understand it, it is in conjunction with the other parts of their mills that they run this out. I don't know about it, but it will be explained by others who know more of the technicalities of it.

Senator SACKETT. You are asking for five times the amount of the present duty. If they are able to get along on the present rate of duty it is going pretty strong to go up five times.

Mr. LELAND. The present is 20 cents, but that has not been carried out, as I understand it. That is what we learned this morning.

Senator SIMMONS. What is that product selling for now?

Mr. LELAND. Around 50 cents; 42½ cents. The foreign product, as I understand it, is sold in this country at 42½ cents. The prices they have been putting it out and selling it for around here are 50 to 55 cents in this country.

Senator SACKETT. That is only about 12 cents a pound.

Mr. LELAND. Approximately that. But I understand there are no profits included in that. If you are going to invest in a factory and put in machinery to run it, you must be sure of getting a certain percentage of profit or you do not go into it.

The board of directors of the Rayon Co. have made the statement that if this is put on, in the fall they will start operations which



will give employment to between 600 and 1,000 people in New Bedford, which will also help the housing situation in New Bedford, which is rather serious at this time. We have a situation there where there are between three and four thousand vacant houses. You fully appreciate the fact that by filling those up and also increasing the labor supply the whole general situation in New Bedford will be improved.

Senator SIMMONS. You say we produce about 500,000 pounds?

Mr. LELAND. In this country; yes.

Senator SIMMONS. One-third of the world's production?

Mr. LELAND. As I understand it; yes, sir.

Senator SIMMONS. How much of it do we buy abroad?

Mr. LELAND. I believe around a million pounds. I believe that is the figure.

Senator SIMMONS. And that is upon the basis of the present rate of 4 cents per pound?

Mr. LELAND. Yes.

Senator SACKETT. Have you anything else you wish to add?

Mr. LELAND. That is all, unless there are some questions you would like to ask.

### BRIEF OF THE DELAWARE RAYON CO. AND THE NEW BEDFORD RAYON CO.

[Including rayon yarn, par. 1301]

The great bulk of all imports of yarns, to wit 93 per cent thereof, are of the size 150 denier and heavier (see p. 1798 of volume called Tariff Information, 1929, compiled by the United States Tariff Commission); likewise, the bulk of all domestic production of yarns, consists of these same heavier yarns (see p. 7 of pamphlet filed herewith for reference, entitled "World's lists of rayon producers, issued by Fairchild's publications). Therefore, the 150 denier size and heavier will alone be considered in this memorandum.

The present duty on yarns is 45 cents per pound, with the proviso that no duty shall be less than 45 per cent ad valorem. The duty provided in the bill as passed by the House is a duty of 45 per cent ad valorem, with a proviso that the duty shall not be less than 45 cents per pound.

#### COSTS

The cost of manufacture in this country for the year 1928 was 89.4 cents per pound. (See testimony of Mr. Ryan.) This includes selling cost. The cost in the very largest factories is 80 cents per pound, which does not include selling cost. (See testimony of Mr. Rivitz.) It is fair to assume that the cost of 89.4 cents per pound of the Delaware Rayon Co., which has a capital of \$2,595,000, is a fair cost for efficient factories in this country.

The cost of manufacture of rayon in France is 42 to 43 cents per pound. (Testimony of Mr. Ryan.) It is not unreasonable to assume that costs in other foreign countries are comparable.

The average selling price in this country for the year 1928 was \$1.088 per pound. (See testimony of Mr. Ryan.) There was testimony to the effect that the selling price is now \$1.15 per pound, but these witnesses were referring to the A grade of 150-denier yarn, which is the best quality made. The costs and selling prices given must necessarily be the average figures for all grades of yarn. Foreign yarn is selling in this country to-day, according to the best information obtainable, at \$1.02½ for the 150-denier size and 90 cents for the 300-denier size. (See testimony of Mr. Ryan.)

If we start with the cost in foreign countries of 42 cents and add 45 cents per pound duty and 2 cents per pound for freight, insurance, and docking charges, we have a total cost of the foreign product landed in this country of 89 cents per pound. This puts the foreign manufacturer on an exact equality with the

American producer. Anything less than 45 cents per pound duty would give the foreign manufacturer just so much advantage over the American producer, and if the reduction be material, say as much as 5 cents per pound, it would enable the foreign manufacturer to undersell the American producer to such an extent that the production in this country would be seriously decreased.

#### USE OF RAYON INCREASES COTTON CONSUMPTION

Testimony was introduced by Mr. Leary supporting the claim that rayon at present selling prices is a valuable adjunct to the cotton textile trade. It can be woven with cotton, making the finished mixed products more attractive and hence more salable than plain cotton fabrics.

The use of rayon, while largely increasing, has not lowered the use of cotton fibers. This is shown by the Survey of Current Business, United States Department of Commerce, Bureau of Census, February, 1928, No. 78. From 1923 to 1927 rayon consumption increased 62,000,000 pounds, while cotton consumption increased 432,000,000 pounds.

#### CHEAP FOREIGN RAYON WOULD DIMINISH COTTON CONSUMPTION

On the other hand, if rayon could be sold in the United States at foreign costs it would in all probability supplant cotton entirely in many articles where rayon is now mixed with cotton.

The domestic rayon industry is also using a greater per cent of cotton linters each year. It is estimated that in 1922 practically all viscose yarn used wood pulp exclusively as a base. The larger United States manufacturers are now using half cotton and half wood pulp. (See pp. 6743, 6744, and 6747, hearings before the House committee.)

#### STAPLE FIBER, PARAGRAPH 1302

Staple fiber is also known as cut fiber, and may have some other trade names. It is a short staple obtained by cutting the filaments into pieces varying up to 5 inches or more in length, according to the requirements of the industry. This fiber is used as raw material by cotton, wool, schappe, and flax spinners, who spin it into yarn on their regular equipment. (See pp. 1804 and 1805, Summary of Tariff Information 1929, Schedule 12.) Cut fiber is not waste, but waste can be used to some extent for the same purposes as cut fiber, after undergoing certain manufacturing processes. (See testimony of Mr. Leary.)

At present it is estimated there is only about 500,000 pounds of cut fiber manufactured in this country per year, but domestic companies are now prepared to increase their production. It is estimated that the imports were approximately 1,000,000 pounds for 1928. The consumption of this staple fiber, however, is rapidly increasing and will be of great importance in the near future. There are no accurate available figures as to the amount of imports. One importer, alone, however, testified before the House committee that he had imported 300,000 pounds of staple fiber during the year 1928 (p. 6759). There are, of course, other importers of this fiber, so that the approximation of 1,000,000 pounds imported, is believed to be as nearly accurate as any figures which can be given.

The present duty on cut fiber under the words of the 1922 tariff act is technically 20 cents per pound, but under a Treasury decision it was held that the duty was 20 per cent ad valorem, and it is now coming in upon that basis. The estimated cost to manufacture staple fiber in this country is 57.2 cents per pound. (See testimony of Mr. Ryan.) The imported article is being sold in this country at 42.5 cents per pound. (See testimony of Mr. Ryan.)

If the imported article, after paying a 20 per cent ad valorem duty, can be sold here at 42.5 cents per pound it is obvious that the duty must be raised if American factories are to manufacture staple fiber in any quantity. The duty must be put back to the 20 cents per pound, which was intended by the 1922 act, but which intent was frustrated by a Treasury decision. If 20 cents per pound duty be established, it will be an increase of 14 cents per pound. This 14 cents added to the present 42.5 cents selling price of the imported product would bring the selling price of the imported product to 56.5 cents, which is still 1 cent per pound less than the domestic cost of production, but will approximately place the domestic producer on a parity with the foreign producer.

It was in evidence before the committee that the New Bedford Rayon Co. is seriously considering the establishment of a plant in New Bedford for the

express purpose of manufacturing staple fiber. Obviously this industry can not be inaugurated if the duty remains at its present level or if it be placed at any less figure appreciably than the 20 cents per pound. (See evidence of Mr. Leland and Mr. Leary.)

#### WASTE

There seemed to be some confusion before the committee as to exactly what waste is. Waste is not a product which is intentionally manufactured. It is produced because its production can not be avoided. In the manufacture of rayon products some material will be broken or kinked or otherwise injured, so that it is not available for direct use as a finished yarn and is called waste. Waste, however, has value, because with certain mechanical processing it can be converted and substituted in place of cut staple or other higher quality rayon yarns.

The principal use of waste is as a substitute for cut fiber or other rayon yarns. It is not as desirable as cut fiber because it requires some manufacturing processes before it can be used, but if the price be low enough it can be and is used in place of the other materials. The cost of putting waste into condition to be used for the above requirements is approximately 15 cents per pound. (Testimony of Mr. Ryan.) The selling price of waste is 26 cents per pound. The present duty of 10 per cent ad valorem amounts to about 2 cents per pound. If the duty be raised to 15 cents per pound, it will be an increase of 13 cents. Waste is now selling for 26 cents, if the duty be raised 13 cents the selling price will be 39 cents per pound. To this must be added the cost of processing the waste, estimated at 15 cents per pound, which would bring the total cost of waste, ready to be used, at 54 cents per pound, or 3 cents per pound under the cost of manufacturing cut fiber.

Cut fiber is slightly more valuable than waste, even after the waste be processed, because of its uniform thickness and quality, therefore, 15 cents per pound duty on waste will be practically equivalent to the 20 cents per pound duty on the cut fiber.

We, therefore, suggest that paragraph 1301 be left as in the House bill but that paragraph 1302 be changed to read as follows:

"PAR. 1302. Rayon waste, except cellulose acetate rayon waste, 15 cents a pound; rayon filaments, not exceeding 30 inches in length, other than waste, whether known as cut fiber, staple fiber, or by any other name, 20 cents per pound. Garnetted or carded rayon, 30 cents per pound; sliver or tops, 35 cents per pound."

Respectfully submitted.

DELAWARE RAYON Co.,  
By LEON H. RYAN,  
*Treasurer.*  
NEW BEDFORD RAYON Co.,  
By B. F. PROUD,  
*Treasurer.*

DISTRICT OF COLUMBIA, ss:

Leon H. Ryan, being duly sworn, deposes and says he has read the foregoing brief and knows the contents thereof and that he verily believes the same to be true.

LEON H. RYAN.

Subscribed and sworn to before me this 9th day of July, 1920.

[SEAL.]

BERYL W. ROBERTS,  
*Notary Public, District of Columbia.*

My commission expires January 7, 1933.

#### STATEMENT OF F. J. LEARY, REPRESENTING THE NEW BEDFORD RAYON CO., NEW BEDFORD, MASS.

(The witness was duly sworn by the chairman of the sub-committee.)

Senator SACKETT. Will you tell us what you are here for?

Mr. LEARY. I am a textile engineer, and design and build cotton mills. I happen to be connected with the New Bedford Rayon Co.,

and I am also connected with our local chamber of commerce in its industrial work, and have been since the depression in the textile business affecting our yarn situation, causing unemployment. At that time they employed me to try to balance up our textile losses with other materials so that the textile help could continue to manufacture.

I analyzed the rayon business and I found the textile spinner who was mostly affected by the growth of that market could manufacture rayon yarns.

Then we interested the New Bedford Rayon Co. in the organization of a plant at New Bedford, and we found we could use our cotton help, which had been thrown out of employment by the unbalanced condition in the textile business. We found it also helped our manufacturers because it led to a stabilized production situation.

We have not been in production long enough to know whether we will make or lose any money, but we do feel that it is a normal outgrowth for our city, and it is the normal place for our textile operatives to work.

Senator SACKETT. We will grant you that much.

Mr. LEARY. Therefore we feel—and I am talking as an engineer—we feel that tariff provision of the 1922 act should be left alone, at least until some of our smaller producers can build up a surplus sufficient to cover them against the dumping conditions which they face now from time to time.

Senator SACKETT. In other words, you want the provisions of the Fordney-McCumber Act left alone?

Mr. LEARY. Yes; we want them left alone.

Senator SACKETT. How does this bill change your situation?

Mr. LEARY. As it is at present, it is perfectly all right. I felt it would be attacked here as it was attacked in the House, and so I felt that we ought to present this matter to you. We have 27,000 operatives there in the cotton mills out of a total employment of 85,000 people, and we would like to see that stabilized as far as possible.

Senator SACKETT. There was a gentleman here this morning representing the First National Bank who said he wanted the duty increased 500 per cent.

Mr. LEARY. I am somewhat familiar with what he asked that on. That was on a cut fiber product, not now covered in the Fordney tariff. It is all listed as rayon waste, and carries another differential. There is this that affects it, that rayon waste can be manufactured into rayon yarns. If rayon waste can come in cheap now into the United States it directly affects the yarn market. It is also affecting the cut fiber market which, I believe, will affect a continuous growth in this country. It has a still further effect on cotton and woolen goods, and it is getting to be quite a serious problem. Before now it had not been a problem.

On the other things, 45 per cent duty is satisfactory to us.

One company I went into on this had made money. Several years ago I tried to get New Bedford interested in the business, and one of the difficulties was that they were no longer making profits, the profits that they were making before. We find that it is hard, and it is difficult to get capital interested in any textile proposition.

One point I would like to explain a little bit. There was a question as to the fact that last year rayon importations decreased somewhat over the previous year. I might say that New Bedford itself uses 8,000,000 pounds of rayon a year in its cotton-cloth mills. But we were working only six months last year. We had a strike condition brought on by the fact that the whole fine textile situation had been hard. Therefore there was a reduced use for some time of the cheaper grades of imported rayon.

Senator SACKETT. You say that you used 8,000,000 pounds. How many of the 8,000,000 pounds were imported?

Mr. LEARY. It is very difficult to say. They get certain effects, and I should say that it would run 3,000,000 pounds a year in New Bedford alone.

Senator SACKETT. That was practically cut out?

Mr. LEARY. That was cut out last year for six months.

Senator SACKETT. That would be a million and a half shortage there?

Mr. LEARY. Right there in that one town.

Senator SACKETT. I think we have your idea. Is there anything further you desire to present?

Mr. LEARY. The other thing that I would like to say is this, that I know that the effect that we have been able to get with rayon has helped our cotton mills in styling their goods and in making the finished goods nearer the effect the women desire, because on the cheaper grades of goods it has helped us to keep looms busy that otherwise would be idle.

Also a stabilized market condition affects us. For instance, when we lay raw materials three months ahead, when we take the raw materials and add the labor costs to that, and then when we get all finished somebody dumps half a million pounds in New York at a cent or a half a cent difference, then we are licked, with the goods on hand. We would like to see that market kept for the American labor market.

#### STATEMENT OF JACQUES ROSCOTT, REPRESENTING IRVING HOROWITZ, NEW YORK CITY

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

Senator SACKETT. What is the subject you want to speak about now?

Mr. ROSCOTT. On the question there was some misunderstanding about rayon waste, generally staple or cut fiber.

Senator SACKETT. Go ahead.

Mr. ROSCOTT. It is our desire to be as helpful as possible in arriving at a clear understanding of relative facts in the rayon industry. In the hearing yesterday, there was apparent much confusion in the testimony regarding staple fiber, cut fiber, and rayon waste and their relationship to rayon yarns, both as to their relative position in the market and as to prices.

If the members of the committee will take our brief and turn to the chart on page 26, I believe I can make clear some of the points now not understood. The chart clearly shows the steps from raw material through the nozzle.

After passing through the nozzle and the solidifying bath, the product is rayon, in continuous open fibers or filaments, and from that point on the method of handling determines the kind of material it becomes; that is, whether, rayon yarn, staple fiber, cut fiber, or rayon waste.

**Rayon yarns:** The primary object of course is to get as much rayon yarn as possible. This process consists in general simply of washing the continuous filaments, twisting them from  $2\frac{1}{2}$  to 4 turns to each inch, and sorting according to quality, which is mainly a matter of the number of broken filaments in each skein. First quality has few if any broken filaments; second quality, more broken filaments; and third quality still more, and so forth. Sales prices are based according to quality. This handling from the nozzle to the finished rayon yarn is estimated to cost about 15 cents per pound.

The chart then shows the standard forms of put-up in which the yarns go to the consumers.

In handling the filaments from the nozzle to the finished put-up there is unavoidably a certain amount of spoilage, as the fibers are very delicate and easily injured. That percentage which can not be sold as yarn becomes rayon waste. (I will describe this product in more detail further on.)

**Staple fibers—cut fibers:** The continuous or open fibers or filaments as they come from the nozzle are unspun rayon. If instead of being twisted into yarns they are carried to a cutting machine and cut into lengths they become "staple fibers" or "cut fibers," suitable for the type of spinning for which they are to be used, as shown in the chart. In other words, the cut fibers are the raw material used in spinning yarns according to the standard methods, but mainly on the "wool system" or "cotton system."

As the risk of repeating some of my testimony before the House Committee on Ways and Means, but solely for greater clarity at this point, I will say that "staple fiber" and "cut fiber" have not been important domestic products, because of their cheaper price range, which is strictly limited by the prices obtainable for the yarns spun from them in competition with rayon yarns. Yet, this very fact has bearing on information which was repeatedly sought by the committee yesterday, with little evident satisfaction.

As shown on the chart, "staple fiber" or "cut fiber" is rayon (a product of original manufacture) which has not been "twisted" or "spun" or "thrown" into rayon yarn. The imported fiber sells for 55 cents per pound. Du Ponts have established a price for their staple fiber or cut fiber of 50 cents a pound, on which they are undoubtedly making a profit. (This should have bearing in support of our request for duty of 10 per cent ad valorem.) Du Ponts can not supply the demand, hence continued sale of the imported product.

Adding to the Du Pont sale price of 50 cents a pound on the staple fiber, the estimated cost of carrying the continuous or open filaments to the completed yarn, namely, 15 cents a pound, gives a cost figure of 65 cents per pound on the rayon yarn (which also includes profit in selling the staple fiber at 50 cents). This should have bearing in support of our request for duty on the rayon yarn not exceeding 35 per cent ad valorem, and no specific duty.

**Rayon tops:** Rayon tops are the longer and more carefully selected fibers. The tops come from classifying the "staple fiber"

and "rayon waste" so that there are "staple tops" and "fiber tops," but both are similarly used in spinning yarn mixed with worsted for fancy effects. In preparing the rayon tops for use in spinning, a process similar to combing in the cotton mill, the by-product is "noils."

**Rayon waste:** Rayon waste, as described above, is essentially a waste resulting from spoiled filaments or yarns in the process of twisting or winding the rayon yarns to their different forms of put-up. It is a by-product. In the acetate and nitrate process the waste can be turned back into the raw cellulose and be worked over again. However, some of these wastes are sold commercially as such.

In the viscose and cuprammonium processes the waste can not be reworked economically and therefore must be marketed or else be a total loss.

(A) Tops described above, or (B) is "garnetted," that is, put through a machine that opens up and separates the fibers which then are turned into shoddy.

The above is a general description of rayon manufacture. There are also other phases, such as twisting the yarns into crêpe and voile yarns, dyeing, and the like. As a rule all this follows the work of the rayon-yarn producer, though some producers are equipped for such subsequent processes. However, I am not dealing with this, for fear of confusing.

I heard this morning some testimony of Mr. O'Brien. There have been some statements made that there was no rayon which could be washed. I have been in the rayon business since 1901—

**Senator BINGHAM.** I do not think anybody made any such statement that there was no rayon which could be washed.

**Mr. Roscott.** To-day there is a viscose process which is stronger than acetate and which will stand more washing than any acetate ever invented so far.

**Senator SACKETT.** Do you mean that as argument or as nomenclature?

**Mr. Roscott.** I am making the argument to make things plain to the Senators because several statements have been made which can be easily refuted, because technical knowledge can not be expected from everybody. I have made a study of rayon since 1901. My family was one of the first producers of rayon in Europe and I have been practically brought up in the rayon manufacturing business. We had a factory in 1898—

**Senator SACKETT.** I do not know just where your argument is leading to. I was very glad to accommodate you in order to bring in additional facts that you have, but I think you ought to limit it to that and not take any more time than is necessary.

**Mr. Roscott.** I was told this morning that those sheets which we saw this morning in the acetate process—I said the acetate waste can not be used for anything else, and I defy any manufacturer or any chemist to use the fiber which has been shown this morning to make those sheets without an additional cleaning process of the fiber itself. It would cost any man who will do it about five to six million dollars to install the machinery to clean it, so it is impossible to do what Mr. O'Brien maintained.

## JACQUARD-WOVEN RAYON FABRICS

[Par. 1306]

### BRIEF OF THE TIE-SILK GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

In the matter of paragraph 1306, "woven fabrics in the piece, wholly or in chief value of rayon, not specially provided for, 45 cents per pound and 60 per centum ad valorem, and, in addition, if Jacquard-figured, 10 per centum ad valorem," the tie-silk group of the National Council of American Importers and Traders respectfully protests against the proposed enactment into law, as part of the tariff act, of any provision taxing Jacquard-woven silks or Jacquard-woven "rayon manufactures" at any higher rate of duty than that applicable to similar fabrics if other than Jacquard-woven.

Reference was made at the hearing held on the 1st of July, Schedule 12, paragraph 1205, to the increased cost of manufacturing rayon-figured silk goods. We respectfully submit that the added cost for Jacquard-figured goods over and above the cost of weaving fabrics on plain looms is relatively as great abroad as it is in this country. The added cost is therefore properly taxed in the application of an ad valorem rate by reason of the greater cost abroad.

Tie silks of rayon, or in chief value of rayon, are usually Jacquard-figured, and we are therefore particularly and peculiarly affected by the proposed legislation. The tie silks which are used for the more popular and cheaper grade of neckwear are frequently dutiable under the provisions for manufactures of rayon, and are now taxed at 45 cents per pound and 60 per cent ad valorem, which is the rate fixed in paragraph 1306 for this cloth, if other than Jacquards.

Since, however, under H. R. 2667 this cloth would be dutiable at 45 cents per pound and 70 per cent, that is an increase of substantially 17 per cent in duty. Representatives of domestic interests have asked for an increase above the House rate, and this memorandum is in opposition to the House rate, and naturally in opposition to any demand for a further increase.

Manufacturers of neckwear have certain prices which they regard as the "limit prices" which they can pay for the silk used in the manufacture of neckwear, with retail prices fixed within certain limits. The popular-priced neckwear is known as "wholesale \$7.50 per dozen" and is regarded as a retail \$1 cravat. The limit which the manufacturer can pay for the silk contained in such cravat is \$1.35 to \$1.40 per yard, and very little, if any, foreign silk is used in the manufacture of this cravat, as the American manufacturer can give much better value for the price.

The next line, according to retail price, is the \$1.50 tie; sold generally by the neckwear manufacturers at \$11.50 per dozen wholesale. The limit which neckwear manufacturers can pay for the silk contained in this cravat is \$1.65 per yard. Naturally the labor and the lining are important items in the manufacture of cravats and the manufacturer therefore is compelled to enforce a price limit.

The retail \$2 tie, generally sold at \$15 per dozen wholesale, is made usually of silk costing the neckwear manufacturer anywhere from \$2 to \$2.25 per yard.

The lines above cited are usually materials in large part of rayon, and this merchandise is now dutiable at 45 cents per pound and 60 per cent, and under the House bill would be dutiable at 45 cents per pound and 70 per cent. Domestic interests propose to further increase that duty. It is respectfully submitted that any increase in the present duty will act as an absolute and definite embargo against the importation of these silks, since the cravat manufacturer can not afford to buy the silks if the price is to be increased. That a material increase in price to the manufacturer of scarfs would be necessary by the House rate increasing the duty 16 2/3 per cent is apparent.

The President, the chairman of Subcommittee No. 3, and leaders of the party generally have expressed themselves as being in favor of increasing the tariff only in cases where the importations are excessive. Statistics clearly indicate that the commodity with which we are here dealing is not one which falls within that classification.

The rates proposed in the House bill, both for Jacquard-figured silks (par. 1205) and Jacquard-figured manufactures of rayon (par. 1306), carrying with them increases of from 16% to almost 20 per cent in the duty, will, we are satis-



fied, result in a practical embargo of foreign silks for cravats—and only if this is intended should the proposed legislation be adopted into law.

We have carefully canvassed our trade to ascertain whether they could absorb the added price, but they tell us that this would be impossible, since it would throw the neckwear into a higher wholesale and necessarily a higher retail class; for instance, the \$1.50 scarf of imported silk (either of silk or rayon) would become a \$2 article. The trade is well used to cravats at certain range of prices, such as the \$1 scarf or the \$1.50 scarf or the \$2 scarf or the \$2.50 scarf, and the consumer will therefore be called upon to buy his cravat at the next higher range of price or he will have to accept an inferior article.

For the reasons herein set forth, as also contained in our statement to the committee and our memorandum filed at the hearing Monday, July 1, paragraph 1205, we respectfully request, in paragraph 1205, elimination of the words "if Jacquard-figured, 65 per centum ad valorem" (11, 18, and 19, p. 158), and in paragraph 1806 elimination of the words "and, in addition, if Jacquard-figured, 10 per centum ad valorem" (11, 7, and 8, p. 161).

Respectfully submitted.

TIE SILK GROUP, NATIONAL COUNCIL OF  
AMERICAN IMPORTERS & TRADERS (INC.),  
I. S. WOLF, *Chairman*.

On behalf of Stern & Ballhausen, W. T. Losen, Charles E. Hohn, E. J. Oberlaender, Percy Roth, Krone & Jacobson (Inc.), and Will Schwab (Cohn-Hall-Marx).

CITY OF NEW YORK,

*County of New York, State of New York, ss:*

Henry Stern, being duly sworn, deposes and says that he is an importer of silks for cravats; that he is secretary of the tie-silk group, National Council of American Importers & Traders (Inc.); that he has read the attached brief or memorandum in opposition to the proposal to increase the duties on rayon fabrics, Jacquard-woven, and that the same correctly represents his views, and he knows the statements therein made are in all respects true and correct; except as to those made upon information and belief, and as to those he verily believes them to be true.

HENRY STERN.

Sworn to before me this 8th day of July, A. D. 1920.

[SEAL.]

FREDERICK C. KLOTZ,  
*Notary Public.*

My term expires March 30, 1930.

## RAYON UPHOLSTERY FABRICS

[Pars. 1306 and 1307]

### STATEMENT OF GEORGE McGEACHIN, NEW YORK CITY, REPRESENTING THE UPHOLSTERY GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

(The witness was duly sworn by the chairman of the sub-committee.)

Senator SACKETT. How long are you going to need on this subject?  
Mr. McGEACHIN. Five minutes.

Mr. Chairman and gentlemen of the committee, I want to confine my remarks to paragraphs 1306 and 1307.

We have all heard that the tariff adjustment was to be limited to agricultural and those commodities as to which imports were excessive as compared with domestic production, and with this in mind I doubted seriously whether domestic interests would seek any increase above the rates in the present tariff act.

I find, however, that the imports of rayon upholstery fabrics (those covered by paragraph 1306 and 1307 of the House bill, now 1213 of the act of 1922) are negligible. That domestic interests are seeking what they call further protection. In substantiation of my statement, I desire to submit the affidavits of the more important wholesale dealers in upholstery fabrics, to the effect that they find it practically impossible to import fabrics of rayon chief value.

These affidavits, Mr. Chairman, are made by the seven most important men in New York in the wholesale fabric business. I would like to read an extract from one or two of them.

Senator SACKETT. Before you start that. Your difficulty is that this sentence is written "wholly or in chief value of rayon"?

Mr. McGEACHIN. Yes, sir.

Senator SACKETT. You would like it to read "wholly or in part of rayon"; is that what you want?

Mr. McGEACHIN. No. We would have "chief value rayon," because where cotton becomes the chief value there is another paragraph in the cotton schedule. This one refers to chief value rayon.

Senator SACKETT. I thought you said they did not make any chief value rayon?

Mr. McGEACHIN. Yes, sir; they make flat fabrics value rayon.

Senator SACKETT. Well, now, what is it you want to accomplish?

Mr. McGEACHIN. I want to keep that chief value rayon fabric down to 60 per cent ad valorem.

Senator SACKETT. Down to 60 per cent?

Mr. McGEACHIN. Yes, sir; and do away with a specific duty.

Senator SACKETT. All right.

Mr. McGEACHIN. Johnson & Faulkner, of New York, through their president, say:

That owing to the excessive duties imposed under paragraph 1213 of the tariff act of 1922, Johnson & Faulkner (Inc.) has practically ceased to import upholstery or drapery fabrics made wholly or in chief value of rayon.

They also state:

In view of the above, we believe that the increases proposed in H. R. 2667 should not be adopted; but that on the contrary the rates should be reduced below those contained in paragraph 1213 of the tariff act of 1922.

F. Schumacher & Co. have the same thing to say.

Senator SACKETT. Well, now, the duties in the old act were 45 cents per pound and 60 per cent ad valorem?

Mr. McGEACHIN. Yes, sir.

Senator SACKETT. And the duties in this act are 45 cents per pound and 60 per cent ad valorem?

Mr. McGEACHIN. Yes, sir; and in addition 10 per cent.

Senator SACKETT. That is on Jacquard?

Mr. McGEACHIN. Yes, sir.

Senator SACKETT. It is the 10 per cent Jacquard that you object to?

Mr. McGEACHIN. Yes, sir; and the 45 per cent specific duty.

Senator SACKETT. That was in the old act?

Mr. McGEACHIN. Yes. We think it brings the duties too high to do any business in these goods. There are seven large importers who state specifically in their affidavits that they can not import

goods now under the present rate because that makes the goods too expensive to be salable.

Senator BINGHAM. What are the imports of rayon manufacturers that equaled about \$5,000,000 last year?

Mr. McGEACHIN. I want to say that I propose to object strongly to the 10 per cent for the Jacquard goods. I will come to that in a minute in connection with figures from the Department of Commerce.

These goods now pay a duty of 45 cents per pound and 60 per cent under paragraph 1213 of the act of 1922; that is the equivalent of an ad valorem rate of anywhere from 75 to 85 per cent dependent upon the weight of the fabric.

The proposed law taxes Jacquard figured goods 10 per cent higher than plain woven merchandise. There is absolutely no need for this special tax against Jacquard woven goods. Witnesses before this committee have stated that, while there may be an increased expense in weaving Jacquard figured goods, that increased labor cost is relatively as large abroad as it is in this country, and naturally where the rate of duty is ad valorem the Government gets more duty on the Jacquard goods than they do on the plain goods because of the greater valuation.

Now, as to pile fabrics: The present law makes no distinction as between a pile fabric having the pile wholly or partially cut. As I have already stated, that the present compound duty is equivalent to 75 per cent or 85 per cent ad valorem, but it is now proposed to separately tax at a 5 per cent higher rate, or at the equivalent of 87½ per cent ad valorem, pile fabrics as to which the pile may be partly cut. That is unwarranted. The importations of these fabrics are now negligible as the present rates of duty are substantially prohibitive. The only goods that may be imported are extreme novel types or styles.

We are unable to obtain statistics showing domestic production. Statistics of exports and imports are not segregated in such a way to make an exact comparison possible.

However statistics compiled by Department of Commerce show that in 1928 there were exported from the United States fabrics and articles of rayon as follows:

Upholstery and drapery fabrics, hosiery, knit underwear, ribbons, etc., woven and knit dress goods, other rayon manufacturers \$6,008,947.

Imported: Braids, other rayon manufactures \$4,189,702.

Exports exceeded imports by \$1,819,155.

I should be happy indeed if this committee would find it possible to inquire of the appraisers' stores at New York, where I am satisfied verification can be had as to my statement, and the affidavits of others in the line, to the effect that the imports of rayon upholstery fabrics are negligible.

If, it is desired to entirely eliminate the importation of this class of goods, then the provision in the House bill may be enacted into law. I feel that I am not overstating the fears of the gentlemen in our line in giving this assurance to the committee.

We suggest that these two paragraphs be consolidated into one and that it be enacted in the following form:

PAR. — Woven fabrics in the piece; pile fabrics (including pile ribbons, whether or not the pile covers the entire surface, and whether the pile is

wholly cut or wholly uncut, or partly cut, and all articles finished or unfinished, made or cut from such pile fabrics, all of the foregoing not specially provided for, composed wholly or in chief value of rayon, 60 per centum ad valorem.

I would like to leave with you my brief, Mr. Chairman.

Senator BINGHAM. That cuts off the specific of 45 cents per pound entirely?

Mr. McGEACHIN. Yes, sir.

Senator SACKETT. And cuts out the 10 per cent on Jacquard?

Mr. McGEACHIN. Yes, sir.

Senator BINGHAM. It cuts out 5 per cent for the cut pile?

Mr. McGEACHIN. Yes, sir.

Senator BINGHAM. That is a reduction of 45 cents per pound under what you are operating under now?

Mr. McGEACHIN. Yes, sir. Those are the flat goods [indicating].

Senator SACKETT. How do they run per yard in weight?

Mr. McGEACHIN. This is about two and a quarter pounds per yard.

Senator SACKETT. It provides about \$1 a yard, then, does it not?

Mr. McGEACHIN. Yes, sir; over a dollar a yard, specific duty.

Senator SACKETT. And 60 per cent ad valorem?

Mr. McGEACHIN. Yes, sir.

Senator SACKETT. You want to take off the \$1 a yard. What effect would that have upon imports?

Mr. McGEACHIN. I do not think it would have very much effect on the domestic trade. It would help the imports quite a little.

Senator SACKETT. How can you do that?

Mr. McGEACHIN. The price of these are so high—\$8.46 a yard—there is not going to be a great influx of these goods into the country. It is the more luxurious furniture and hangings that these goods are imported for.

Senator BINGHAM. You are putting in a plea for the poor little rich girl?

Mr. McGEACHIN. Yes, sir.

Senator SACKETT. Are not some of the domestic goods cheaper than that?

Mr. McGEACHIN. The domestic manufacturer can sell this class of goods for about \$5.50.

Senator SACKETT. Do not a great many of the imports run less than \$8 a yard?

Mr. McGEACHIN. No, not with rayon chief value, not the pile fabrics.

(Mr. McGeachin submitted the following brief:)

**BRIEF OF THE UPHOLSTERY GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)**

**HON. REED SMOOT,**

*Chairman Committee on Finance,  
Washington, D. C.*

The importers of upholstery and drapery fabrics, wholly or in chief value of rayon, members of the upholstery group of the National Council of American Importers and Traders (Inc.), respectfully protest to your committee against the increases proposed in H. R. 2667, paragraphs 1306 and 1307, and request a reduction in the rates of duty now imposed in paragraph 1213 of the tariff act of 1922, on these fabrics, for the reasons which will be fully set forth hereinafter.

The upholstery and draper fabrics considered in this brief are now assessed with duty at 45 cents per pound and 60 per cent ad valorem under the provisions of paragraph 1213 of the tariff act of 1922, and are included in paragraphs 1306 and 1307 of H. R. 2667. For convenience in comparison of the existing law and that proposed in H. R. 2667 the pertinent part of paragraph 1213 of the act of 1922, and the proposed paragraphs 1306 and 1307 in H. R. 2667, are quoted:

## PAR. 1213, TARIFF ACT OF 1922

\* \* \* knit goods, ribbons, and other fabrics and articles composed wholly or in chief value of any of the foregoing, 45 cents per pound and 60 per centum ad valorem.

## PAR. 1306, H. R. 2667

Woven fabrics in the piece, wholly or in chief value of rayon, not specially provided for, 45 cents per pound and 60 per centum ad valorem, and, in addition, if Jacquard figured, 10 per centum ad valorem.

## PAR. 1307, H. R. 2667

Pile fabrics (including pile ribbons), whether or not the pile covers the entire surface, wholly or in chief value of rayon, and all articles, finished or unfinished, made or cut from such pile fabrics, 45 cents per pound, and, in addition, if the pile is wholly cut or wholly uncut, 60 per centum ad valorem. If the pile is partly cut, 65 per centum ad valorem.

The present compound duty assessed under paragraph 1213 of the tariff act of 1922—that is, 45 cents per pound and 60 per cent ad valorem—is the equivalent of an ad valorem duty of from 75 to 85 per cent, dependent upon the weight of the fabric. All upholstery and drapery fabrics whether plain or Jacquard woven, and whether with a pile covering the entire surface, or having the pile wholly cut or wholly uncut, are assessed with duty at the same rate, which, as stated, is the equivalent of from 75 to 85 per cent ad valorem.

In H. R. 2667 the duty on Jacquard-figured fabrics under the proposed paragraph 1306, is increased 10 per cent, so that the compound duty under that paragraph would be from 80 to 90 per cent.

A separate paragraph is provided for pile fabrics (par. 1307). Under this new provision, pile fabrics, except where the pile is partly cut, are assessed with the same rate as under the present paragraph 1213, which, as stated, is equivalent to from 75 to 80 per cent ad valorem. If the pile is partly cut, however, the ad valorem rate is increased from 60 per cent to 65 per cent, so that such fabrics would pay a duty equivalent to an ad valorem duty of 87½ per cent.

We see no reason whatever for an increase of 5 per cent ad valorem where the pile is partly cut and submit, therefore, that these upholstery pile fabrics should all be assessed at the same rate, irrespective of whether the pile is wholly cut, wholly uncut, or partly cut.

We submit a sample herewith which will illustrate to your committee the type of Jacquard-figured fabrics in which we are interested, and which would be covered by the proposed paragraph 1306.

The importation of these fabrics is negligible, as the present rates of duty in paragraph 1213 are substantially prohibitive. The only fabrics imported are those of extreme novelty effects. Light fabrics, such as are used for casement draperies, can not be imported at all under the present duty.

Upholstery pile fabrics also are imported in negligible quantities for the same reason—that is, they can not be imported in competition with the domestic fabric.

We have been unable to obtain statistics showing domestic production, and the statistics of exports and imports are not segregated in such a way, particularly the imports, as to make an exact comparison possible. However, the statistics compiled by the Department of Commerce show that in 1928 there were exported from the United States fabrics and articles of rayon as follows:

Upholstery and drapery fabrics.....	\$67, 673
Hosiery .....	3, 612, 920
Knit underwear.....	335, 191
Ribbons, braids, fringes, and narrow trimmings.....	113, 732
Woven and knit dress or piece goods.....	1, 288, 179
Other rayon manufactures.....	591, 252
	<hr/>
	6, 008, 947
There were imported in 1928:	
Braids.....	519, 386
Other rayon manufactures.....	3, 901, 247
	<hr/>
	4, 420, 633

It will thus be seen by reference to these comparable statistics of imports and exports, that the exports exceeded the imports by \$1,588,314.

Included under "Other rayon manufactures" in the import statistics, are all of the articles which are covered by the domestic export statistics, with the exception of braids, that is, upholstery and drapery fabrics, hosiery, knit underwear, ribbons, fringes, and narrow trimmings, and woven and knit dress or piece goods. Of the imports of all these various articles, amounting to \$3,901,247, the quantity of upholstery and drapery fabrics imported constituted a very small item, as we know from our contact in importing fabrics of this character.

We submit with this brief a number of affidavits from the largest importers in the United States of rayon upholstery and drapery fabrics, and these firms not only are importers but use large quantities of domestic fabrics of the same character.

By reference to these affidavits it will be seen that Johnson & Faulkner (Inc.), of New York, state that that company has practically ceased to import upholstery and drapery fabrics made wholly or in chief value of rayon.

F. Schumacher & Co., of New York, state that it has been their invariable practice, with only a few possible exceptions, since the tariff act of 1922 became effective, not to import any upholstery or drapery fabrics, wholly or in chief value of rayon, because of the practically prohibitive duties.

R. Carrillo & Co. (Inc.) set forth that their imports of these fabrics are infinitesimal on account of the present prohibitive rates of duty.

Stroheim & Romann state that it has been practically impossible for them to import upholstery or drapery fabrics, in view of the present high rates of duty under paragraph 1213 of the tariff act of 1922, and H. B. Lehman-Connor Co. (Inc.), make the same statement.

J. Thorp & Co. (Inc.), state that they have been compelled to abandon the importation of upholstery or drapery fabrics in chief value of rayon, on account of the exceedingly high rates of duty now imposed under paragraph 1213, and Witcombe-McGeachin & Co. also say that that company has been compelled to almost entirely cease importation of these fabrics because of the prohibitive rates of duty now imposed.

In view of the foregoing it is submitted that there is no warrant for an assessment of an additional 10 per cent on Jacquard-figured fabrics in chief value of rayon, as contemplated in paragraph 1300, or for an additional 5 per cent duty on pile fabrics of rayon, where the pile is partly cut, and that the rates of duty imposed in paragraph 1213 of the tariff act of 1922, should be reduced.

It is, therefore, suggested that if it is desired to provide for woven fabrics in chief value of rayon, in a paragraph separated from the provision for yarn, waste, and thread, it be enacted in the following form:

"PAR. —. Woven fabrics in the piece; pile fabrics (including pile ribbons) whether or not the pile covers the entire surface, and whether the pile is wholly cut or wholly uncut, or partly cut, and all articles finished or unfinished, made or cut from such pile fabrics, all of the foregoing not specially provided for, composed wholly or in chief value of rayon, 60 per centum ad valorem."

Respectfully,

GEO. McGEACHIN,  
Chairman Upholstery Group, National  
Council of American Importers and Traders (Inc.).

## APPENDIX

Jacob H. Kirtland, being duly sworn, deposes and says that he is the president of Johnson & Faulkner (Inc.), of 35 East Seventeenth Street, New York City.

That owing to the excessive duties imposed under paragraph 1213 of the tariff act of 1922, Johnson & Faulkner (Inc.) has practically ceased to import upholstery or drapery fabrics made wholly or in chief value of rayon. That in the past few months no new designs have been ordered, the only importations entered under this paragraph being less than one-quarter of 1 per cent of their total importations during that time.

JACOB H. KIRTLAND.

Sworn to before me this 3d day of July, 1929.

[SEAL.]

HAROLD M. LINSTEDT, *Notary Public*.

Commission expires March 30, 1931.

In view of the above we believe that the increases proposed in H. R. 2667 should not be adopted; but that on the contrary, the rates should be reduced below those contained in paragraph 1213 of the tariff act of 1922.

JOHNSON & FAULKNER (INC.),  
JACOB H. KIRTLAND, *President*.

Albert Kaupe, being duly sworn, deposes and says he is buyer and fabric expert of F. Schumacher & Co., importers, domestic manufacturers, and distributors of upholstery fabrics, a New York corporation.

That it has been their invariable practice, with only a very few possible exceptions, since the present tariff went into effect not to import any upholstery or drapery fabrics made wholly or in chief value of rayon under paragraph 1213 of the 1922 tariff act, on account of the present practically prohibitive duties.

ALBERT KAUPE.

Sworn to before me this 3d day of July, 1929.

[SEAL.]

GEO. C. MITCHELL,  
*Notary Public, Kings County, N. Y.*

Commission expires March 30, 1930.

In view of the above-mentioned facts, we strenuously protest against the proposed increases as suggested in H. R. 2667. We believe, on the contrary, it should be decreased, if anything.

F. SCHUMACHER & Co.,  
PAUL GADEBUSCH, *President*.

René Carrillo, being duly sworn, deposes and says he is president of R. Carrillo & Co. (Inc.).

That our importations of upholstery or drapery fabrics made wholly or in chief value of rayon under paragraph 1213 of the 1922 tariff act, are infinitesimal on account of the present prohibitive rates.

RENÉ CARRILLO.

Sworn before me this 3d day of July, 1929.

[SEAL.]

HARRY DEMAREST,  
*Notary Public, Kings County, N. Y.*

Commission expires March 30, 1931.

In view of the above-mentioned facts we strenuously protest against the proposed increases as suggested in H. R. 2667; and, on the contrary, ask that the present duty in the tariff act of 1922, paragraph 1213, be reduced.

R. CARRILLO & Co. (INC.),  
RENÉ CARRILLO, *President*.

Franklin I. Judson, being duly sworn, deposes and says he is a member of the firm of Stroheim & Romann.

That it has been practically impossible to import any upholstery or drapery fabrics made wholly or in chief value of rayon, under paragraph 1213 of the 1922 tariff act, on account of the present prohibitive duties.

FRANKLIN I. JUDSON.

Sworn to before me this 8d day of July, 1929.

[SEAL.]

ARTHUR BILLS,

*Notary Public, New York County.*

Commission expires March 30th, 1930.

In view of the above-mentioned facts we strenuously protest against the proposed increases as suggested in H. R. 2667; and, on the contrary, ask that the present duty in the tariff act of 1922, paragraph 1213, be reduced.

STROHEIM & ROMANN,  
Per FRANKLIN I. JUDSON.

Herman B. Lehman, being duly sworn, deposes and says he is the president of the firm of H. B. Lehman-Connor Co. (Inc.)

That in view of the very high duty rates at present in force on fabrics made wholly or in chief value of Rayon, under the 1922 tariff act, paragraph 1213, it has been practically impossible for us to import upholstery or drapery fabrics applying under the above mentioned paragraph.

HERMAN B. LEHMAN

Sworn to before me this 3rd day of July, 1929.

M. FLEISCHMAN,

*Notary Public, Richmond County, N. Y.*

Commission expires March 30, 1931.

In view of the above-mentioned facts we most strenuously protest against the proposed increases as suggested in H. B. 2667; and, on the contrary, ask that the present duty in the tariff act of 1922, paragraph 1213, be reduced.

H. B. LEHMAN-CONNOR Co. (INC.),  
Per HERMAN B. LEHMAN, *President.*

George A. Bomann, being duly sworn, deposes and says he is the president of the firm of J. H. Thorp & Co. (Inc.)

That he has been compelled to abandon the importation of upholstery or drapery fabrics made wholly or in chief value of rayon, under paragraph 1213 of the 1922 tariff act, on account of the exceedingly high rates of duties.

GEO A. BOMANN.

Sworn to before me this 3rd day of July, 1929.

[SEAL.]

WILLIAM F. LATUS,

*Notary Public, Nassau County, N. Y.*

Commission expires March 30, 1931.

In view of the above-mentioned facts we strenuously protest against the proposed increases as suggested in H. R. 2667; and, on the contrary, ask that the present duty in the tariff act of 1922, paragraph 1213, be reduced.

J. H. THORP & Co. (INC.),  
Per GEO. A. BOMANN, *President.*

George McGeachin, being duly sworn, deposes and states that he is the president of the firm of Witcombe, McGeachin & Co. (Inc.), importers, converters, and distributors of upholstery and drapery fabrics, New York City.

That under the tariff act of 1922 they have been compelled to stop nearly all importations of upholstery and drapery fabrics made wholly or in chief value of rayon, because of the extremely high rates of duty thereon.

GEORGE MCGEACHIN.

Sworn to before me this 5th day of July, 1929.

[SEAL]

HARRY DEMAREST,

*Notary Public, Kings County, N. Y.*

Commission expires March 30, 1931.



Further, that in view of this fact, we strongly protest against the proposed increases as suggested in H. R. 2667, and feel, on the contrary, that they should be decreased.

WITCOMBE MCGEACHIN & Co. (INC.)  
GEORGE MCGEACHIN,  
*President.*

## RAYON PILE FABRICS

[Par. 1307]

### STATEMENT OF HARRY S. RADCLIFFE, MONTCLAIR, N. J., REPRESENTING THE PILE FABRICS GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

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

Mr. RADCLIFFE. This is in reference to paragraph 1307 of House Resolution 2667, rayon pile fabrics.

We appeared before the Committee on Ways and Means with a request that rayon pile fabrics, which are not specially provided for in the tariff act of 1922, be given a separate classification in the proposed bill, and in response to the suggestion of Chairman Hawley we submitted a memorandum containing our recommendation as to the proper phraseology to cover such fabrics.

My testimony and memorandum appear on pages 6817 and 6818 of the record of committee hearings.

The proposed paragraph 1307 covers pile fabrics, including pile ribbons of rayon chief value and differentiates between those with pile wholly cut or uncut and those with pile partly cut.

There are no domestic producers of rayon velvet ribbons, and we urge that a separate provision be made for velvet ribbons under this paragraph, with a simple rate of duty rather than the compound rate now provided. We suggest that this duty rate be 60 per cent ad valorem, the same rate as that now separately provided for velvet ribbons of silk chief value.

There are no velvet ribbons now in use that are wholly composed of rayon. Rayon velvet ribbons have a rayon pile and cotton warp and weft, and are usually constructed with a rayon satin back covering the foundation fabric and separate fast edges, either of silk or rayon. The weight of such an article, made in widths from about one-fifth of an inch to 3 or 4 inches, does not warrant a specific duty in addition to the ad valorem duty. The actual results obtained from a compound duty on velvet ribbons is not commensurate with the administrative difficulties involved.

The proposed bill provides for a compound duty for broad velvets of rayon chief value with a specific duty of 45 cents per pound, and in addition, an ad valorem rate of 60 per cent if the pile is wholly cut or wholly uncut or 65 per cent if the pile is partly cut.

For rayon pile fabrics other than ribbons, we suggested that the same rate be established as for silk fabrics, but as the proposed bill divides such silk pile fabrics the proposed silk rates would not now be practical.

In any event, the specific duty of 45 cents per pound is unnecessary for rayon pile fabrics.

We therefore now request that a rate of 55 per cent ad valorem be set for pile fabrics in rayon chief value. It is our firm belief, based upon close and experienced observations of the competitive situation in the market, that even a lower rate than 55 per cent would prove fully protective to the domestic industry. The extensive use of rayon for dress velvets is a new development in the silk pile-goods industry and the continued importation of any type that has been copied by the domestic producers is, except in cases of insufficient domestic production, is rendered prohibitive either under the present basket rate of 45 cents per pound and 60 per cent ad valorem, or under the present silk pile fabric rate of 60 per cent.

A great deal has been said regarding the new fabric, "transparent velvet," which was introduced from Europe in 1926 and has since been extensively copied in America. The domestic producers admit that they are making satisfactory profits in the sale of silk-back transparent velvet under the existing protective rate of 60 per cent for such article.

Senator SACKETT. Where did you get that admission? I have not heard any admission made.

Mr. RADCLIFFE. If my memory serves me right it is page 6591 of the House committee hearings. Mr. Cheney made that statement.

The domestic silk-pile fabric manufacturers appear to be confused regarding the present tariff classification of transparent velvet, as they have repeatedly indicated that they regard transparent velvet articles constructed with a rayon pile and silk back, as being rayon chief value.

While the percentages of value are close, silk back transparent velvet are silk chief value and the value of rayon would have to increase or the silk value decrease before these articles would be rayon chief value.

There are several different types of transparent velvet now in use by the American dress manufacturers. The original or genuine type is about 45 to 48 per cent in value of rayon, and 52 to 55 per cent in value of silk. The erect pile of twill type largely imported last year and now copied in America, are about 42 to 45 per cent in value of rayon and 55 to 48 per cent in value of silk, silk being, therefore, chief value.

American producers have successfully imitated these types of transparent velvet and with the 60 per cent protection now in effect have full control of the markets of this country at prices that for like qualities preclude foreign competition.

Due to the fact that the domestic producers are unable to fully supply the demand for transparent velvets, a large supplemental supply has been required from abroad to meet the needs of the domestic dress manufacturers, and these foreign articles do include some types and qualities constructed in part of cotton in addition to the rayon and silk contents.

The silk and cotton back type of rayon velvet now in style averages 41 to 47 per cent in value of rayon, but inasmuch as the remaining percentage is divided between silk and cotton used in the fabric, rayon is usually the material of chief value. The all-cotton back type of rayon velvet is also generally rayon, chief value, but there is one type of such goods that are, by an extremely narrow margin cotton, chief value.

On June 15 Mr. Horace B. Cheney requested this subcommittee to make a special classification under the cotton schedule for such cotton or part cotton back rayon velvets if in chief value of cotton.

Regarding this particular fabric, Mr. Cheney testified that the foreign price was \$1.60, or, adding 50 per cent duty, \$2.40 per yard, and in reply to a question asked by a member of this committee stated that the mill cost of a similar article, if produced here, would be only \$1.45 per yard or about \$1.65 without profit.

After the hearing closed, Mr. Cheney had these statements as to domestic cost withdrawn from the official record, evidently realizing the destroying power of these admissions upon his argument for increased duty rates.

Assuming the withdrawn statements to be true, and as the testimony was given under oath they may be taken to be correct, it is clear that even the rate of 50 per cent ad valorem affords far more than adequate protection for cotton back rayon pile velvets and there is no justification for the request of the domestic producers unless they seek an air-tight embargo against foreign production of this entire class of goods.

Senator BINGHAM. You are stating under oath that Mr. Cheney withdrew something from the record. I have asked the clerk of the committee and he is not familiar with it. Where do you get this information?

Mr. RADCLIFFE. I asked to inspect a copy of Mr. Cheney's testimony. I wanted to verify the figures he stated as to domestic cost and I was informed by Mr. Rapp that the testimony was returned by Mr. Cheney with the entire information—

Senator BINGHAM. Do you refer to the House committee?

Mr. RADCLIFFE. No, sir, this committee. The entire testimony was crossed out by Mr. Cheney regarding domestic cost.

The CLERK. I think he just supplied the committee with an additional statement. He was not informed enough to give the committee a complete statement, as I remember it. I remember the incident.

Mr. RADCLIFFE. He eliminated the portion regarding the domestic cost that he gave here.

The CLERK. I can get that information.

Senator BINGHAM. It is a very serious charge against him.

Mr. RADCLIFFE. I was only stating a fact, sir.

The imported type of transparent velvets that are rayon chief value contain a considerable percentage of cotton and silk, and yet is very light in weight. Therefore, the practical effect of the provision of the proposed Paragraph 1307 requiring duty of 45 cents per pound is to increase the ad valorem rate of 60 per cent about five to eight per cent.

This added specific duty is unwarranted on the ground of necessary protection to the American silk pile goods industry that is producing rayon pile fabrics. Moreover, it can not be justified on the theory that an extra 45 cents per pound is required for compensatory purposes. If the proposed ad valorem rate were based upon a scientific equalization of costs of production here and abroad, without consideration of the duty paid by domestic producers on the yarns entering pile fabrics, compensatory duties might be required. However, the present suggested ad valorem rate of 60 per cent cor-

responds with the present rate for silk pile fabrics which, in our experience, is not only amply protective but practically prohibitive.

It is common knowledge in the wholesale market that whenever the domestic producers imitate a foreign article whether of silk chief value, rayon chief value, or cotton chief value, and can supply sufficient quantities for the needs of the market, imported qualities can no longer compete.

We insist that the simple rate of 60 per cent is adequate for the full protection of the American industry, and we recommend that the rate of 55 per cent ad valorem without any additional specific duty, be adopted for rayon pile fabrics, in harmony with the rate we have requested for silk velvets, and, further, that velvet ribbons of rayon chief value, which are not produced in this country, be separately provided for in this paragraph, also at a simple ad valorem rate, not exceeding 60 per cent ad valorem.

Senator BINGHAM. Yesterday it was charged against Mr. Cheney that he had made some statement in the record and had crossed it out. The facts are these: When Mr. Cheney was questioned by Senator Simmons on the cost of producing certain articles he replied that he had not the full cost here, and then proceeded to try to give the facts. A moment or two later he said he would supply the information to the committee and when he was given that privilege he stated that he would like to withdraw his previous testimony. It was stated he would have an opportunity to correct his testimony.

He corrected his testimony, and the correction appears in the printed record of the cotton hearings. There is nothing either in what Mr. Cheney did or in what he attempted to do that is in the slightest degree any reflection on his action.

## HOSIERY

[Par. 1309]

### STATEMENT OF JOHN NASH McCULLOUGH, NEW YORK CITY, REPRESENTING THE NATIONAL ASSOCIATION OF HOSIERY AND UNDERWEAR MANUFACTURERS

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

Senator SACKETT. Will you state whom you represent?

Mr. McCULLOUGH. Mr. Chairman, I appear in reference to paragraph 1309 as it applies to hosiery.

I am representing the National Association of Hosiery and Underwear Manufacturers, an organization having about 92 per cent of the hosiery manufacturers of the country in its ranks.

Senator SACKETT. Are you a manufacturer yourself?

Mr. McCULLOUGH. No, sir; I am not. I am the managing director of the association.

The wording of the paragraph 1309, as it now appears in the present bill and as it appears in the old bill is not adequate to carry out the purposes of the paragraph, for this reason. It states: "Wholly or in chief value of rayon."

There are no stockings made of all rayon, because rayon is only used as an embellishment, and the chief part of the stocking could never be rayon and bring it under this classification.

Senator SACKETT. Could it be in chief value rayon?

Mr. McCULLOUGH. No; it could not be, because your cotton top and foot will always outweigh the rayon.

Senator SACKETT. Then it would come in under the cotton available.

Mr. McCULLOUGH. Then you would lose the whole purpose of this paragraph.

Here is some rayon hosiery brought here from Italy in the month of January, imported by the firm of Grosse, Shea & Co., to be sold by one of the big department stores, and while that is rayon hosiery, yet it is still coming into the country as cotton hosiery, because of the peculiar wording of that paragraph.

Senator SACKETT. What does it pay under the cotton section?

Mr. McCULLOUGH. Fifty per cent.

Senator SACKETT. And under this paragraph?

Mr. McCULLOUGH. It says 45 cents per pound and 65 per cent ad valorem. It is our contention that it was the original intent of the bill, just as in the case of cotton, when it comes in as embroidery, it is in the embroidery classification. Rayon used as an embellishment, something placed upon a garment, enhances its sale.

Senator GEORGE. What do you suggest?

Mr. McCULLOUGH. Wholly, or in part rayon, so as to get the benefit of what the paragraph intended when it was written.

Senator GEORGE. In part, or in chief value of?

Mr. McCULLOUGH. In part or in chief value of; we want to get the benefit of that paragraph.

Senator SACKETT. How would that affect the other articles, such as mittens and underwear?

Mr. McCULLOUGH. I frankly do not know their problem. I do know of the hosiery problems.

Senator SACKETT. The only way I could suggest to you, unless you could give us that information, would be to give you a separate paragraph on hosiery.

Mr. McCULLOUGH. I would like that. Here is our experience on this particular hosiery. We went to the office of the collector of the port of New York to find out how this hosiery was coming in, and we found that 2,000 dozens came in in January from Italy.

Senator GEORGE. At the cotton rate?

Mr. McCULLOUGH. At the cotton rate; 4,000 dozens in February, and 6,000 dozens in March, all coming under the cotton rate. An examination of those records shows that there never has been a pair of hose coming in under the rayon schedule since the writing of the original Fordney-McCumber bill.

Senator SACKETT. Is it made in this country?

Mr. McCULLOUGH. Yes; that is the biggest part of our half-hose industry.

Senator SACKETT. How has the business been getting along?

Mr. McCULLOUGH. Very well.

Senator SACKETT. The imports have not hurt it?

**Mr. McCULLOUGH.** That is starting to make itself asserted. Italy in the first three months of this year has entered into the import of their rayon products into this country.

**Senator SACKETT.** What has been the history of the imports up to date?

**Mr. McCULLOUGH.** On rayons?

**Senator SACKETT.** On these stockings.

**Mr. McCULLOUGH.** I can not give it to you; it all comes in as cotton. There has never been a pair of rayon hose come in under the rayon schedule, and yet we know, from seeing the goods in the chief stores, that there are thousands of pairs of them.

**Senator SACKETT.** How do they sell, compared with the rayon hosiery in this country?

**Mr. McCULLOUGH.** They sell for the same price as the same hose in this country, 50 cents a pair, and yet the department stores and the chain stores have a bigger market than on the domestic line. The wholesale selling price, including the profit to the importer, was \$3.45 a dozen.

**Senator SACKETT.** That is with the duty paid?

**Mr. McCULLOUGH.** Everything paid, including the profit of the importer, and those stockings sell to the customer at 50 cents a pair, or \$6 a dozen. The price we put that stocking at varies from \$4.25 to \$4.35 a dozen to the retailer who, in turn, sells them for 50 cents a pair.

**Senator SACKETT.** Why do they sell them for a dollar a dozen cheaper? Why do they not sell them a little bit cheaper to get the business? Is it not as good a quality?

**Mr. McCULLOUGH.** Yes; it is every bit as good in quality.

**Senator SACKETT.** It seems as if they were throwing away 75 cents a dozen.

**Mr. McCULLOUGH.** No; this is the first year they have started this from Italy. Italy has been importing hosiery into this country for the last 10 months, and in the first three months of this year they went into larger production on it. So it is put in at a lower price, the same as any other article.

**Senator SACKETT.** You feel that if you had this rate that is proposed in paragraph 1309 you would keep it out?

**Mr. McCULLOUGH.** Not necessarily keep it out. Some people will pay more money for goods having that euphonious sounding word "imported" than for the domestic article, but they should pay for it as rayon.

**Senator SACKETT.** How much additional duty would this provision in this paragraph put on a dozen pair of those stockings?

**Mr. McCULLOUGH.** Seventy-five cents a dozen.

**Senator SACKETT.** Under this paragraph as compared with the cotton paragraph?

**Mr. McCULLOUGH.** Yes, sir.

**Senator SACKETT.** That is a little less than the difference in the sale price?

**Mr. McCULLOUGH.** Just about the same.

**Senator SACKETT.** In other words, you would like to have a provision in this paragraph 1309 to the effect that hosiery, in whole or in part of rayon should be included?

**Mr. McCULLOUGH.** Yes, sir; the same as was intended.

Senator SIMMONS. If it is in part rayon and is included, would the duty be levied upon the whole contents or upon the rayon contents only?

Mr. McCULLOUGH. It would be levied on the declared value.

Senator SIMMONS. Of the whole thing?

Mr. McCULLOUGH. Of the whole thing.

Senator SIMMONS. So you get a duty on rayon and a duty on everything else?

Mr. McCULLOUGH. It is ostensibly a rayon stocking.

Senator SIMMONS. I thought that you said because there was some rayon in it you wanted that.

Mr. McCULLOUGH. It is sold, Senator, as a rayon stocking and the embellishment is rayon. If the stocking had no rayon in it it would fall into what we call the common stocking cotton class. Without that rayon embellishment the stocking could not come in at that price. Why not pay for what the sales value is?

Senator SIMMONS. I am not making any controversy with you. I was asking you a simple question. If this duty were raised, say, to 75 cents—

Mr. McCULLOUGH. That is the duty written into the rayon schedule right now.

Senator SIMMONS. If that is applicable to a stocking made, half of rayon and half of something else, you would get the benefit of the 75 cents not only on the rayon in the stocking but on the cotton in the stocking?

Mr. McCULLOUGH. Yes; you would.

Senator SIMMONS. Unless you provided for 75 per cent on the rayon content.

Mr. McCULLOUGH. That is quite right.

Senator SIMMONS. Do you think that that is quite fair?

Mr. McCULLOUGH. I do not know any other way around it. You will have to have an experimental laboratory breaking down every stocking.

Senator SIMMONS. All through this tariff legislation now and heretofore there has run that principle, that when you impose a duty on a product and it is mixed with some other product, that duty applies to the contents of that article, the article we are protecting in that product, and not the contents upon which we are not placing a duty at all.

Mr. McCULLOUGH. I quite concede that. I frankly do not see how it would be physically possible, with the amount of this stuff coming in. I am not asking for a thing in that direction.

Senator SIMMONS. I am simply suggesting to you this, that by reason of that ought you not to be satisfied with a less duty upon the whole product, the product that is of cotton and rayon combined?

Mr. McCULLOUGH. Making it 75 cents, it still only brings the stocking into the range of the American manufacturer, and our price varies from \$4.15 to \$4.25 a dozen wholesale. That stocking will not be getting into the cotton schedule, and the increase in value, the market price, would then be \$4.20, which would be right within the range of the American comparable article.

Senator SACKETT. I notice that this duty provides for a specific duty at so much per pound.

Mr. McCULLOUGH. Yes, sir.

Senator SACKETT. That would be a specific duty on the cotton content as well as the rayon?

Mr. McCULLOUGH. I know that, and if there is any way to work that out, we will be very glad to agree to it.

Senator SACKETT. I think we have your idea.

Mr. McCULLOUGH. It is quite a problem.

Senator SIMMONS. There was a gentleman here the other day exhibiting, I think, some infants' stockings made out of cotton, and he said that they were about to be driven out of business, practically, by rayon competition, because the rayon stockings sold so much cheaper than cotton stockings.

Senator SACKETT. That is what he is talking about here. He says that it is not on the right schedule.

Mr. McCULLOUGH. It is not on the schedule where it belongs.

Senator SIMMONS. In other words, you think rayon now is cheaper than cotton. Are you afraid of the competition?

Mr. McCULLOUGH. No; in our industry they both go together.

Senator SIMMONS. I would like to know what there is in conflict between cotton and rayon.

Mr. McCULLOUGH. Decidedly none in the hosiery industry because we are using rayon to embellish our cotton half hose and our cotton underwear, and everywhere where we are using cotton, manufactured cotton, we are using rayon for an embellishment.

Senator GEORGE. With reference to underwear; is the chief value in the underwear rayon or cotton?

Mr. McCULLOUGH. That would vary with the weight of the garment. In the lower-priced underwear the chief value would be rayon; in the higher priced it would be very often the amount of cotton, for instance, in a 122, with the rayon thread twisted.

Senator GEORGE. The chief value would be cotton, with the underwear coming under the cotton schedule, just as you say the hose does?

Mr. McCULLOUGH. Yes, sir.

Senator GEORGE. And so far as you know that would apply also to mittens?

Mr. McCULLOUGH. I do not know anything about mittens and I prefer not to answer that question. But there is no conflict, Senator Simmons, whatsoever.

Senator SIMMONS. I thought you had a cotton stocking there.

Mr. McCULLOUGH. No, sir.

Senator GEORGE. The point is that since the chief value in the stocking is cotton and not rayon it comes under the cotton schedule, although in fact it sells here as a rayon stocking.

Mr. McCULLOUGH. It was sold here and was advertised here by a department store in this specific instance as "our latest importation of rayon stockings from Italy."

Senator GEORGE. As I understand you, in a number of cases, 50 per cent of the stockings is rayon?

Mr. McCULLOUGH. No.

Senator GEORGE. It is less than 50 per cent?

Mr. McCULLOUGH. It is bound to be.

Senator GEORGE. In other words, 25 per cent rayon and 75 per cent other products by value?



**Mr. McCULLOUGH.** In the stocking that is about the percentage.

**Senator GEORGE.** That is about the way they run?

**Mr. McCULLOUGH.** Yes; you have to have the cotton backing and use the rayon for adornment.

**Senator SIMMONS.** My understanding is that the cotton manufacturers use the larger part of the rayon products.

**Mr. McCULLOUGH.** The hosiery and underwear end of the industry uses 55 per cent of the total amount of rayon consumed in the United States. That is last year, on the basis of a domestic production of 100,000,000 pounds of rayon, we used 75,000,000 pounds. The two industries are very much dependent and interlocked one with the other.

**Senator SIMMONS.** That being so, why do you think the duties on rayon should be so much higher than the duties on cotton?

**Mr. McCULLOUGH.** Now you are thinking about rayon yarn.

**Senator SIMMONS.** Yes; take the rayon yarn.

**Mr. McCULLOUGH.** We, as manufacturers, would prefer to see the duty on rayon yarn, despite the fact that we buy more than anybody else, twice what it is now.

**Senator SIMMONS.** They are now higher than cotton.

**Mr. McCULLOUGH.** Yes, sir.

**Senator SIMMONS.** You want them higher than they are?

**Mr. McCULLOUGH.** You're asking me my viewpoint. I am speaking as representing the manufacturers who buy more rayon than anybody else. We would prefer to have the duty 90 cents rather than 45 cents because we would then have a stabilized market, and let the interior competition take care of itself.

I can reduce that to cold figures. This morning you heard the importers refer to the fact that directly after the passage of the Hawley bill in the House, rayon was reduced from \$1.55 to \$1.30 a pound, a reduction of 25 cents a pound.

**Senator GEORGE.** It was \$1.75.

**Mr. McCULLOUGH.** Since then it has been reduced to \$1.15, and in cold dollars and cents the hosiery and underwear manufacturers of this country have suffered from the effects of that reduction more than the manufacturers of the yarn have because the minute that cut is spread through the trade papers, the wholesalers and the retailers immediately say, rayon has been cut; unless you reduce your price accordingly we will not file specifications for our orders.

If we had a stabilized market for this stuff, coming in here, to break the market for three or four months, we would have better manufacturing conditions.

**Senator SIMMONS.** Why was rayon cut so suddenly?

**Mr. McCULLOUGH.** Because you had the largest imports of rayon in December than in the previous months, and the average landing value—

**Senator SIMMONS.** You mean the largest monthly imports?

**Mr. McCULLOUGH.** The largest monthly imports and the average landing value varied.

**Senator SIMMONS.** Was that not because they thought we were going to raise the duty on rayon?

**Mr. McCULLOUGH.** No; It was because they are producing more rayon on the other side than they consume, and they are using this

market for dumping, and in the textile business the lowest quotation is the final quotation. So the American manufacturer was being forced by his buyer to go out and seek cheap rayon.

These large organizations maintain staffs of experts, and they say, "You should buy this rayon a \$1.35 a pound," whereas we see it quoted by the importers at \$1.15 or \$1.10. So you have 6,000,000 pounds of rayon imported into this country during the first four months of this year, or an average of 18,000,000 pounds a year, which would be 6,000,000 pounds more than last year.

Senator SIMMONS. But we are constantly having illustrations here of importations coming which did not result in the domestic producers' getting into a panic and reducing their prices.

Mr. McCULLOUGH. I am not in the rayon-yarn business, but I do know this, that as the biggest consumers of this product, it was the forcing of the foreign yarn on the market that made the price go down as it did.

Senator SIMMONS. There are only about 15,000,000 pounds that are imported, and we are making now over a hundred million pounds, are we not?

Mr. McCULLOUGH. We are on a schedule this year of 105,000,000 pounds in his country.

Senator SIMMONS. That would not seem to be a very excessive proportion of imports, would it?

Mr. McCULLOUGH. No; it is not, except that in an industry that is as highly competitive as the textile industry, where you have this condition of a constantly lower quotation of raw materials that the manufacturer of hosiery is forced to follow, and it is the last price and the lowest price which becomes final price in this market.

Senator SIMMONS. Rayon is in no different situation than any other article that happens to be confronted by some foreign competition, is it?

Mr. McCULLOUGH. No; except that you have a growing industry. There are constant changes in the industry and constant changes in the yarn and in the requirements of the yarn.

For instance, a year and a half ago there was no such thing as delustered yarn.

Senator SIMMONS. I had an idea that this was due to the fact that the industry found they were making rather excessive profits and that they had to be cut down a little bit.

Mr. McCULLOUGH. I do not think that you will find that to be true. I believe the reports of the various rayon companies that are available will not show that. I do not think you will find that to be the fact; I have never seen it.

Senator SIMMONS. As a matter of fact, have they not been making a fine profit?

Mr. McCULLOUGH. When rayon was selling at \$2 a pound, as it did shortly after the writing of the Fordney-McCumber bill, they did. The profits they make today I do not believe are excessive.

Senator SACKETT. What is your notion of excessive profits?

Mr. McCULLOUGH. An excessive profit is one that would run more than 20 per cent of the sales. Normally the profit should be 20 per cent of the sales price, 10 per cent to go into reserve and 10 per cent to go to the stockholders. I think that that is fair, especially in the chemical industry.

Senator SACKETT. That is about the limit that certain companies are making now?

Mr. McCULLOUGH. All I know about that is what I read in the papers.

Senator SACKETT. That is not very helpful.

## HAT BODIES

[Par. 1311]

### STATEMENTS OF IRWIN E. WEBER AND GEORGE F. MILLER, NEW YORK CITY, REPRESENTING THE AMERICAN ASSOCIATION OF FELT AND STRAW GOODS IMPORTERS

[Including rayon hat braids, par. 1529 (a)]

(The witnesses were duly sworn by the chairman of the subcommittee.)

Mr. MILLER. I represent the American Association of Felt and Straw Goods Importers.

Senator SACKETT. Do you have any rayon in there?

Mr. MILLER. Yes, sir.

Senator SACKETT. Which schedule do you wish to speak to?

Mr. MILLER. 1311, 1312, and 1313.

Senator SACKETT. Clothing, articles of wearing apparel, manufactures, rayon, filaments, and the meaning of the word. What have you to say? First, did you appear before the House Committee?

Mr. MILLER. I did.

Senator SACKETT. We have your testimony at that time. Have you something new that you want to say?

Mr. MILLER. There are certain developments which have come up since that time which I would like to explain as briefly as possible.

Senator SACKETT. All right.

Mr. MILLER. We ask for a special paragraph to cover braids made of visca, cellophane, and imitation horsehair, which are specifically provided for in paragraph 1313. We ask for a duty of 50 per cent for the braids, 70 per cent for woven bodies and 90 per cent for articles made of braid.

Senator SACKETT. What paragraph is that?

Mr. MILLER. In the original House bill it was covered—it was not mentioned and, therefore, came under paragraph 1312.

Senator SACKETT. That is 45 cents a pound and 70 per cent ad valorem?

Mr. MILLER. Yes, sir.

Senator SACKETT. And what are you asking for?

Mr. MILLER. We are asking for a different classification; 50 per cent for braids, 70 per cent for woven-body hats and 90 per cent for articles made of braids. I would like to explain the reasons therefor.

This is one of the braids I refer to [indicating] and is actually a raw material used in the manufacture of hats. It is brought in in this condition.

Senator BINGHAM. Is this pure rayon?

**Mr. MILLER.** That is made of visca, which is now classified as rayon. That is an imitation of straw. It is not made of the yarn.

**Senator BINGHAM.** A cellulose product?

**Mr. MILLER.** It is a cellulose product.

**Senator SACKETT.** Is it made in this country?

**Mr. MILLER.** It is not made in this country, not that particular material. It is imported.

**Senator BINGHAM.** Is this what you call artificial horsehair?

**Mr. MILLER.** No, sir. That is another item.

**Senator BINGHAM.** Go ahead.

**Mr. MILLER.** It is dyed in this country, sewn into a capalene here, and blocked and trimmed. All of that is done in this country with American labor. These are the different stages of manufacture. I point out to show that this is actually to the hat manufacturer a raw material.

**Senator BINGHAM.** Has he told us how he wants the paragraph to read?

**Senator SACKETT.** Approximately.

**Mr. MILLER.** Fifty per cent for the braid, 70 per cent for a woven body hat.

**Senator BINGHAM.** The same per pound for all?

**Senator SACKETT.** No. He does not want any per pound, no specific.

**Mr. MILLER.** No specific.

**Senator SACKETT.** You want a separate paragraph for braids, 50 per cent?

**Mr. MILLER.** Both hats which are made by hand, and the original first cost is higher. An additional 20 per cent would give more protection to the hat manufacturer. You can put this in at 70 per cent, at a higher rate.

**Senator GEORGE.** Where is this braid made?

**Mr. MILLER.** In Switzerland.

**Senator GEORGE.** Is it not made in this country?

**Mr. MILLER.** Yes, sir.

**Senator GEORGE.** This material?

**Mr. MILLER.** The braid itself is made in this country and it is made abroad.

**Senator SACKETT.** To-day it carries a duty of 45 cents per pound?

**Mr. MILLER.** To-day it carries 90 per cent, paragraph 1529.

**Senator SACKETT.** I mean in the House bill.

**Mr. MILLER.** In the House bill it is now 1529, 90 per cent.

**Senator GEORGE.** You want it reduced to 50?

**Mr. MILLER.** Reduced to 50.

**Senator SACKETT.** What will the local manufacturers here say about that?

**Mr. MILLER.** I think they can very well compete. We have given testimony, samples, and exhibits in our statements before the Ways and Means Committee covering that.

**Senator BINGHAM.** Which subparagraph of 1529 is it?

**Mr. MILLER.** The words "braids of rayons" is included in 1529.

**Senator SACKETT.** You talked to the House committee about this?

**Mr. MILLER.** Yes, sir; on paragraph 1430, now 1529.

**Senator BINGHAM.** Of what are these composed—yarns, threads, or filaments?

Mr. MILLER. I do not know what the technical name of that is.

Mr. WEBER. It is a cellulose product. Braids are made of yarn and filaments.

Senator BINGHAM. It is not composed of filaments, yarns, or threads?

Mr. WEBER. It is composed of rayon, as explained in paragraph 1313.

Senator BINGHAM. The House put in rayon instead of products of cellulose?

Mr. MILLER. Yes, sir.

Senator BINGHAM. You are asking for a reduction in the House duty on everything except the finished hat, is that it?

Mr. MILLER. Yes, sir.

Senator BINGHAM. You say you appeared before the House Ways and Means Committee?

Mr. MILLER. I appeared before the Ways and Means Committee.

Senator BINGHAM. The subcommittee on rayon?

Mr. MILLER. Not the subcommittee.

Senator BINGHAM. You are talking about something that is in a paragraph that is not before the committee, Schedule 15.

Mr. WEBER. We want to have it changed. In the old Fordney bill it was not in the rayon schedule, but in the new bill it would come under rayon as being a rayon product and we are asking for a special paragraph in this schedule to include it.

Senator GEORGE. Braid comes under 1529 now. You want it put under a special paragraph under the rayon schedule?

Mr. WEBER. Yes, sir.

Mr. MILLER. Yes, sir.

Mr. WEBER. The reason why Mr. Miller appeared on behalf of a different schedule before the House Ways and Means Committee was that under the Fordney bill there was no rayon schedule.

Senator BINGHAM. You should have appeared before the subcommittee on Schedule 15.

Senator SACKETT. Let him make his statement. Then we will refer it to the other committee.

Mr. MILLER. Here is an article which proves or shows an inconsistency in both the present tariff and the proposed new tariff. This comes in under wearing apparel, paying 70 per cent and 45 cents a pound. All that is necessary to make this is a pair of shears, a needle and thread, and a 2 by 4 hole in the wall, and yet it pays less duty than the braid that has to go through the different manufacturing processes in the American factories over here.

Senator BINGHAM. Do you represent the importers or manufacturers?

Mr. MILLER. The importers. Mr. Weber is representing the manufacturers.

Senator BINGHAM. This a case where the importers and manufacturers both want the same thing?

Mr. MILLER. Yes, sir.

Senator BINGHAM. How many manufacturers do you represent?

Senator SACKETT. The manufacturer of this is not here, though?

Mr. MILLER. The foreign manufacturer?

Senator SACKETT. No; the domestic manufacturer. You do not make this yourself?

Mr. MILLER. No.

Senator SACKETT. This is your raw material?

Mr. MILLER. Yes, sir.

Senator SACKETT. The man that is interested in this is the man that makes the material?

Mr. WEBER. Yes, sir. They have filed a brief and with your permission we would like to analyze their statement. There is not only the manufacturer of the braid interested, but there is a vast large industry in this country that is interested in this as a basic raw material.

Senator BINGHAM. How many hat manufacturers do you represent?

Mr. WEBER. Actually we represent 22 manufacturers.

Senator BINGHAM. Employing how many people?

Mr. WEBER. From New York City. I should say they employ— one manufacturer alone possibly 250 people. I can not say definitely.

Senator BINGHAM. How many do they all employ?

Mr. WEBER. The hat manufacturers of the country employ about 83,000 to 40,000 people.

Senator BINGHAM. Do you represent them all?

Mr. WEBER. No.

Senator BINGHAM. How many do you represent?

Mr. WEBER. I can only guess. About 1,500.

Senator BINGHAM. Is your business going down hill?

Mr. WEBER. Well, I want to make it clear I am an importer so as not—

Senator BINGHAM. You are both importers then?

Mr. WEBER. We are both importers, but I have been specifically delegated to represent the hat manufacturers, for the reason that the hat manufacturers are not familiar with the duty proposition. They have delegated four men—

Senator BINGHAM. I have not seen a manufacturer yet that was not familiar with this tariff.

Mr. WEBER. I will give you one instance of it. There is the Mallory Hat Co. They practically did not know there was a 90 per cent duty carried on braids and they were very much upset about it.

Senator BINGHAM. They did not appear here.

Mr. WEBER. They did not appear here because first of all they did not know it and they are not familiar with the foreign end of it. They buy their raw material in the market; they know that their business is very bad. There is in Massachusetts alone out of about thirteen factories nine or ten closed up and the other ones are re-organized, for the reason that there is not sufficient sewing done in the hat factories any more. The old established hat factories that are equipped to take the basic raw materials and through these various operations make a finished hat out of it to-day have to compete with a man that lives on a herring and who can use a pair of scissors to make a hat. It does not take any equipment to make this sort of hat [indicating] but it takes equipment to make a hat out of braid. These factories are idle to-day because there is not sufficient sewing done. The men's hat manufacturers have testified that the foundation of an American hat factory is the sewing end of it and that

they have been up against it on that account and that their business has been very poor because—

Senator BINGHAM. That is the straw hats?

Mr. WEBER. That is the straw hats, but the argument applies with equal force to the braids. The operation is exactly the same.

Senator BINGHAM. But that does not come under our schedule.

Mr. WEBER. The rayon braids do, if we have our way about it, that we have a separate paragraph for braids. The reason why we ask for a separate paragraph is we think the industry is sufficiently large to have a separate classification. The raw material to-day is mixed up with all other kinds of materials which have nothing to do with the hat manufacturing business at all. Paragraph 1529 covers laces, flouncings, rufflings—in fact, it covers braids, the larger part of which is not used for hat manufacturing.

Senator BINGHAM. Does it cover hats?

Mr. WEBER. It covers articles made of braids, and which would practically cover this hat by inference. Our objection to this paragraph is that the basic raw material pays practically the same amount of duty as the finished product, which does not give the hat manufacturer any differential whatever to sew braids.

Senator BINGHAM. Is there anything in the bill about hats made wholly or in part of rayon?

Mr. WEBER. No. 1529 says "articles made thereof". That means articles made of braids and they carry the same rate of duty. On the other hand a wearing apparel of rayon, which is imported—these two articles [indicating] do come in to-day under the rayon schedule 1311, wearing apparel and rayon.

Senator BINGHAM. I am probably not familiar with this matter because I have not looked at 1529. I can not see anything in it except laces, veils—

Mr. WEBER. Further down is braids.

Senator BINGHAM. I see the braids, but I do not see anything that could possibly apply to hats made of braids.

Mr. WEBER. It says, "articles made thereof."

Senator BINGHAM. Oh, yes. That is new language put in by the House.

Senator SACKETT. Down at the bottom of page 255.

Senator BINGHAM. "All the foregoing, and fabrics and articles wholly or in part thereof, finished or unfinished, by whatever name known, and to whatever use applied, and whether or not named, described or provided for elsewhere in this act, when composed wholly or in chief value of filaments, yarns, threads, tinsel wire, lame, bullions, metal threads, beads, bugles, spandles or rayon."

Senator SACKETT. They raised it from 75 to 90?

Mr. WEBER. Yes, sir.

Senator SACKETT. You are trying to put it back to 50?

Mr. WEBER. We only want to put back the raw material to 50 so as to have a differential for the hat manufacturer between the raw material and the finished product. There is an inconsistency as I pointed out. This hat comes in under wearing apparel of rayon, paragraph 1311, at 70 per cent, in the original House bill, and 45 cents per pound under the new bill and 70 per cent, whereas the raw material which has to be sewn by the American manufacturer in order to be at the same stage as the finished hat here—here is the

70 per cent; here is the 90 per cent, which has to be worked in a hat before it is at the same stage.

Senator SACKETT. This carries 45 cents per pound and 90 per cent?

Mr. WEBER. That equals about 80 to 82 per cent according to the weight and price of the hat.

Senator SACKETT. And the material it is made of bears 90 per cent and the finished product bears 82 per cent?

Mr. WEBER. Bears 82; yes, sir. The suggestion has been made that in order to give the hat manufacturer a differential, why not raise the duty on this, to which as importers we would subscribe readily, except that the woman to-day knows exactly how much she is going to spend for a hat; she knows she is going to spend three, four, five, or six dollars and if she can not get this hat or this hat [indicating], she will take something else.

Senator SACKETT. What does that hat sell for?

Mr. WEBER. Anywhere from \$1.50 and \$2 up to \$12, according to the material and so forth. And these have been very popular hats.

Senator SACKETT. I saw one of those that sold for \$35.

Mr. WEBER. They were Angora hats—

Senator SACKETT. It had a black net over it.

Mr. WEBER. That may be. I know there were some Angora hats which cost about \$10 a yard that could be made up like this and sold for \$25 to \$30.

This is a serious condition as far as the hat manufacturer is concerned and the relative importance of the hat manufacturer is this: His product amounts to \$190,000,000 and according to labor employed, according to the Census figures of 1925, he was among the first 50 important industries of the country. But he has never appeared in tariff matters because he is not familiar with the basic economic conditions.

Senator BINGHAM. Now, as I understand it a hat made of rayon, but not braided, not made of sewn braid, comes in at 45 cents a pound and 70 per cent ad valorem under 1311, is that right?

Mr. WEBER. Yes, sir.

Senator BINGHAM. But if it is made like that other hat, the braid sewed together, it comes in at 90 per cent, but the raw material, if you can speak of braid as being a raw material, of which it is manufactured in this country, comes in at the same price?

Mr. WEBER. Yes, sir.

Senator BINGHAM. So that the manufacturer of the hat who uses rayon braid has no protection whatever under this bill?

Mr. WEBER. That is correct. He never had any protection under the old bill; however, he never realized the trouble he had. He knows the industry is in a very bad way and if you will read Dunn's or Bradstreet's report you will see that.

Senator BINGHAM. And that is the reason they are ashamed to come down here, because they have been operating at a loss for so long and therefore they are letting you represent them?

Mr. WEBER. It is simply a question of this, they are not organized. The hat manufacturer is busy with his own troubles to create styles. The only way he can make money is to have a hat a little different than the next fellow. There is no national organization that represents the hat manufacturers alone.



Senator SACKETT. What is the amount of this braid that is imported?

Mr. WEBER. It is only \$519,000, covering all countries. The domestic production in 1925, which are the latest available figures, was \$7,800,000, millinery braids and ornaments alone.

Senator BINGHAM. Of rayon?

Mr. WEBER. Rayon; yes, sir.

Senator SACKETT. What is the amount of these hats that are imported to compete with those?

Mr. WEBER. I do not know. There is no separation. As far as sewn hats are concerned some are imported in both stages but no finished hats at all are imported.

Senator SACKETT. If there are not any imported, why does the hat manufacturer need protection then?

Mr. WEBER. He needs protection against such items as this and against hats made out of this [indicating]. It does not pay him to do any sewing any more. Mr. Mallory of the Mallory Hat Co. told me they did not sew to-day more than about one-fourth of what they used to sew in former years.

Senator BINGHAM. Is that because they come in as capalenes?

Mr. WEBER. Their materials that go to make a hat within the reach of the pocketbook of the average woman can be sold cheaper. They can not compete with sewn hats with all the various operations.

Senator BINGHAM. If we reduce the rate on braid then they could make the sewn hats at a cheaper rate and that would affect the purchaser, is that it?

Mr. WEBER. Yes, sir; it would. We do not find any fault with these here because the American woman does want a hat of this type and I think she ought to have it at her price, but we still feel there is a place for sewn hats, and since the sewn hat is the foundation of the hat factory it should not be discouraged by an excessive duty on the raw material.

Senator GEORGE. How much increased duty do you want on the hat?

Mr. WEBER. We want 90 per cent.

Senator GEORGE. What is it now?

Mr. WEBER. It is 90 per cent under the new bill.

Senator GEORGE. You do not ask for any increase in that?

Mr. WEBER. We do not ask for an increase. We simply ask for a differential on the braids. We know that by a decrease in the braid to 50 per cent the market is still competitive with American-made braids.

Senator SACKETT. You say the manufacturer of that braid appeared before the House committee on Schedule 15?

Mr. WEBER. Yes, sir. They opposed the reduction. But there is one situation that they are interested in, and that is braids for garments. In fact, I would like to read the testimony here to show that the millinery braids are not the chief item, but they are bunched in with other items.

Senator GEORGE. Do you ask for a reduction on all the braids or just on the millinery braids?

Mr. WEBER. Just on the millinery braids.

Senator GEORGE. You want to separate those out and you ask for a reduction on that particular braid?

of foreign-made maps, drawings, etc. Rand McNally & Co.'s chief complaint seemed to be based upon the fact that D. Appleton & Co. had, by including foreign-made maps in its modern school atlas, practically put a stop to the sales of the school atlas published by Rand McNally & Co.

The whole basis of Mr. Stanton's argument in favor of increased protection for maps, as he stated at the hearing, was predicated upon the alleged difference between the wage scales prevalent in Great Britain on the one hand and in the United States on the other. Rand McNally & Co. included in its brief filed with the House Ways and Means Committee (p. 7112 of the House hearings) a table of comparative wage scales based on a 48-hour week, purporting to contrast the prevailing wages paid to the various classes of workers engaged in map making in Chicago and in London and other foreign points. The table is stated to be a comparison of the wage scales prevailing in the various cities. There is also included in such brief a copy of cablegram addressed to Rand McNally & Co. by the American consular general in London, in which he states, in part:

"Following minimum weekly wages, England, obtained from various unofficial sources—no official figures available: Cartographers, map draftsmen, and lithographic camera men, eighty-five shillings; map engravers, five pounds; typographical pressmen, eighty-nine to one hundred eight shillings, according to size of machine; photo-engravers, five pounds; lithographic transfermen, eighty shillings; forty-eight-hour week in all cases."

It will be noted that the London rates referred to are stated to be minimum wages; yet they are inserted in the above-mentioned comparative wage-scale table as the "prevailing" wage scale. It is stated, moreover, that the Chicago wages set forth in the table are the prevailing wages at this time. They are not alleged to be minimum wages, but, on the contrary, are elsewhere stated to be "average" wages, and we therefore merely call attention to the patent unfairness of the comparison. It is accordingly not surprising to find that when compared with actual wages paid by the London makers of the maps included in D. Appleton & Co.'s Atlas, the alleged "prevailing" London wages contained in Rand-McNally & Co.'s brief are found to be grossly understated and misleading. Since the hearing before the House committee above referred to, George Philip & Son (Ltd.), of London, the makers of the maps used in the Appleton Atlas, have advised D. Appleton & Co. as follows with reference to the table of comparative wage scales included in the brief of Rand McNally & Co.:

"The relative labor costs in Chicago and London (pp. 7114 and 7118 of the House hearings), the latter on the authority of the United States consul general, Halstead, are misleading. They may be average or minimum trade-union wages for commercial work, but they are far exceeded by the wages paid to the highly specialized craftsmen who were employed on the production of the Appleton Atlas. In our geographical institute, cartographers, map draftsmen, litho-draftsmen, copper and wax engravers all work a 44-hour week, not 48 as alleged. Only our printers, transfermen, and camera men work a 48-hour week. Our weekly salaries and wages are as follows:

Class	Wages actually paid by us	Wages as given in Rand McNally brief for London
Cartographers.....	\$50-\$120.00	\$20.61
Map draftsmen.....	25- 37.00	20.61
Map engravers.....	30- 34.00	24.35
Litho pressmen.....	27- 34.00	\$21.58-26.19
Litho transfer men.....	25- 26.25	19.40
Camera men.....	28.75	20.16-33.95

"In addition, all the above workers are paid substantial bonuses amounting to from 8 to 10 per cent of their annual salary or wage. It must also be remembered that the map processes we employ, especially copper engraving in place of the less satisfactory method of wax engraving, are much slower than the processes followed in America, and therefore our 'time' costs are much the heavier, and so our total costs are probably as high, map for map, as work done at Chicago."

It will be seen that too much reliance can not be placed on the "information" furnished to the Congress by Rand McNally & Co. with reference to "prevailing" wage scales, at least in so far as wages actually paid by Rand McNally & Co. on the one hand and by its London competitor, George Philip & Son (Ltd.),

on the other are concerned. The serious discrepancies in the "comparative" wage scale table compiled by Rand McNally & Co., therefore, lose much of their force when subjected to an application of the real facts as above stated, and the argument for the necessity of increased tariff protection on maps accordingly loses much of its weight, since it was admittedly predicated wholly upon the basis of the alleged differences in wage scales prevailing in Chicago and in London.

Rand McNally & Co. has unnecessarily attempted to assert in the congressional hearings a superiority of its atlas over the Appleton Atlas from the standpoint of the quality of work involved. The question of quality in such a case as this hardly enters into the consideration of tariff rates, except we would point out that it would seem to be unwise without question to put a tariff on maps which would exclude foreign maps and similar works of a quality superior to those obtainable in this country. Rand McNally & Co. may be entirely sincere in feeling that its school atlas is a superior product. It may be asserted that Appleton, on the other hand, entertains the view that its atlas, containing the maps made by George Philip & Son (Ltd.), world-renowned cartographers, is much superior to that of the Rand McNally Atlas.

It is not lightly to be assumed that the American school book buyers have almost entirely substituted the Appleton Atlas for the Rand McNally Atlas, as stated by the Rand McNally representative, entirely on account of the fact that the Appleton Atlas is sold to the public at half a dollar less than the Rand McNally Atlas. On the other hand, it would seem to be a fairly safe assumption that if the Rand McNally Atlas is so superior, as alleged by its representatives, the school authorities and patrons would undoubtedly be willing to pay the small difference in cost. Therefore, the assertion of the Rand McNally representative (pp. 7106-7113 of the House hearings) must be challenged that, apart from the lower published price of the Appleton Atlas (rendered possible, according to the Rand McNally brief, through the alleged lower labor costs prevailing in Britain), there is no difference between the two atlases, because each contains 96 pages of maps. The fact that the number of map pages is identical happens to be merely a coincidence. The map section proper of the Appleton Atlas consists of merely 80 pages of maps, the same number as contained in Philip's Modern School Atlas, the high quality of which led D. Appleton & Company to arrange with the English publishers of that atlas to produce a similar book expressly prepared, with the cooperation of an American coeditor, for use in American schools. On the advice of that editor, Professor McConnell, of Miami University, a supplemental section of 16 pages of maps, dealing with commercial geography, was added, because of the importance attached to the teaching of that subject in American schools.

The Rand-McNally representative further remarks (p. 7106 of the House hearings): "It may be said that we can not make maps here," and calls on the members of the committee to compare the two books. If this is done, it is at once manifest that though the number of maps happens to be the same in both atlases, the schemes of contents, the methods of treatment, and the technical standards of production are entirely different; and in these and other respects the Appleton Atlas is greatly the superior of the two. It is, therefore, incorrect to say "there is no difference between the two."

With further reference to the comparative merits of the two atlases as regards "quality," Rand-McNally & Co. sets forth in its brief, and its representatives (Mr. Stanton and Lieutenant Colonel Tuft) stated to both the Committee on Ways and Means of the House and the Senate subcommittee, that they have selected for comparison the map of Great Britain and Ireland in the two atlases as "being most fair to Appleton since it is the home of the map maker." In reality it is an unfair comparison, because the claim that the Rand-McNally map contains 468 names as compared with 364 names of the similar map in the Appleton Atlas, and is, therefore, better, loses all point from the fact—not mentioned in the brief, page 7115, nor in Lieutenant Colonel Tuft's testimony, pages 7120-7123, nor in Mr. Stanton's—that the Appleton map is a general map giving only the main physical and political names and is supplemented by separate detailed maps, on double the scale, of England, Scotland, and Ireland, whereas the Rand-McNally map is the only map in that atlas dealing with the British isles. Therefore, it is quite untrue to say, as Lieutenant Colonel Tuft does, on behalf of Rand-McNally, arguing from the alleged paucity of names in the Appleton map, that "we have produced \* \* \* a quality product here, which is more than comparable to the British product." The reverse, of course, is the case.

Lieutenant Colonel Tuft's further statement that the "Rand McNally map seems to be a map having fewer names," though it carries 468 as compared with 364 of the Appleton map, is due less to the fact that the former map is on a considerably larger scale (1: 4,000,000 or 64 miles to the inch against 1: 5,000,000, 80 miles to the inch) than to the minute size of much of the lettering which is scarcely legible. This grave defect, prevailing throughout the Rand McNally atlas, is one of the worst features of the book, whereas one of the special features of the Appleton Atlas, and one which will be commended by all who have the care of young people, is the large size and perfect legibility of the various types employed, and employed expressly to avoid any risk of eye strain on the part of young students using the atlas. Clear large type in atlases is considered to be of such importance in British educational circles, that insistence on its use formed one of the recommendations of a special committee of geographers and medical men appointed some years ago by the British Association for the Advancement of Science to lay down rules on the scope and character of school atlases and maps. It may be noted that all the considered recommendations of that committee have been adopted in the Appleton Atlas.

We will not here attempt to set forth the minute details with respect to the differences in "quality" between the two atlases, but will merely summarize the main features in which the Appleton Atlas is without question, in the judgment of expert cartographers and scholars, better than the Rand McNally Atlas:

1. The greater clearness and legibility of the lettering, as explained above.
2. The more systematic use of comparative scales and of the comparative method of presenting geographical facts especially in the choice of natural geographical areas on the individual maps. For example, compare—
  - (a) Central Europe (56-57) showing the Alps and the whole basins of the Rhine and Danube and complete country areas with 74-75 of Rand McNally's Atlas, in which no natural physical unit and no country, except Austria, are shown complete; or
  - (b) The Apennine and Balkan Peninsulas (58-59), an ideal natural area for illustrating the physical features and political problems of southeast Europe, with Rand McNally's map 74-75, giving portions only of Italy, Hungary, and Yugoslavia, and 72, in which Bulgaria is shown complete, but not Greece, Rumania, nor Yugoslavia; or
  - (c) Southwest Asia and the Nile Valley, a complete natural region, with 84-85, in which the extreme south of the Indian Peninsula with Ceylon, the greater part of Burma (an integral part of the Indian Empire) and the Nile Valley are excluded.

And, lastly, comparing the respective values of the two atlases to American students, can an atlas which, while it gives part of the northeastern United States and the Pacific States (44-45 and 46 and 47) on the scale of 1: 4,000,000, the scale adopted for Great Britain, portions of some other European countries and valueless bits of territory such as Shantung and the lower Yangtse (80), and the rest of the United States on 1: 12,000,000 (only 190 miles to the inch), or that omits all treatment of world conditions of economic geography, be regarded as adequately meeting the requirements of American students? If after 30 years experience in the teaching of geography the Rand McNally Atlas represents "the mature judgment of the author as to what charted material is of greatest teaching value in American schools"—as he states in his foreword a critical examination of the atlas surely proves that he has lagged behind the standards of atlas making prevailing among his cartographical confreres in Europe.

As regards the technical production of the two atlases, the Rand McNally representative (at p. 7110) appears to be unfamiliar with European map-printing methods. He says in reference to the Appleton maps, that the method of production "is probably lithographic and not the wax engraving process. Our (Rand McNally) books are wax engraved."

The maps of the Appleton Atlas, however, are not "lithographed"—(that is, drawn on stone by litho draftsmen—but are engraved on copper plates, the method which is, as Lieutenant Colonel Tufts explains (p. 7121), largely employed on United States Government maps, and which he admits is superior in quality to wax engraving, the method followed in Rand McNally's Atlas. Only the printing is done by lithography in the Appleton Atlas, which for map production—especially when modern offset rotary machines are used—is superior to letterpress from raised blocks as regards results. Here again comparison of the two atlases is invited to prove the superior technical result obtained from employing the fine art of copper engraving for the black keys and brown hill shading and lithographic printing, instead of the cheaper and mechanical wax engraving

process, which in the opinion of expert cartographers, is only suitable for commercial work.

In the foreword to the Rand McNally Atlas, the editor, Professor Goode, writes:

"Hitherto our school atlases have been imported from Britain, Germany, or some other country, and quite naturally the choice of material and the distribution of emphasis in such atlases favor the lands of their origin. This new Rand McNally Atlas is made primarily for American schools and colleges. In choice of material and in order of presentation the atlas has been planned to meet the need of American students. The atlas \* \* \* represents the mature judgment of the author as to what charted material is of greatest teaching value in American schools."

The Appleton Atlas is not open to the objection to foreign-made atlases contained in the above paragraph. The scheme of contents was prepared in collaboration with an eminent American professor of geography, and "in choice of material and in order of presentation" was expressly "planned to meet the need of American students."

The scheme for an American school atlas was indeed worked out before the publication of Rand McNally's Atlas, because there was no such atlas in general use in American schools, geography being taught from illustrated text books in which colored maps were incorporated. It was because of the lack of school atlases, and the superiority, for educational purposes, of English produced maps over American, that led to negotiations by D. Appleton & Co. with George Philip & Son (Ltd.), for the production of a school atlas expressly designed for the use of American students. In these negotiations Professor McConnell, of Miami University, was appointed by D. Appleton & Co. as coeditor. His knowledge of American requirements was utilized in the final selection and arrangement of the maps, and all the maps were submitted in draft for his criticism and revision. The publication of the first "pioneer" American produced school atlas by Professor Goode (the Rand McNally Atlas) in 1923, despite certain creditable features—mainly copied from British and other foreign school atlases—showed an absence of the "map sense" in the attempt to meet American requirements and a lack of cartographical knowledge in the selection of map areas, and only served to emphasize the need for an American school atlas framed on really scientific and comparative methods.

It is scarcely necessary to point out that the statements of Mr. Stanton, representing Rand McNally & Co., before the Senate subcommittee, with respect to his estimate of the capital cost of the Appleton Atlas are without any foundation and are, in plain words, merely bunk. Naturally, Mr. Stanton had no way of knowing or of estimating with any degree of accuracy the creative cost of the maps included in the Appleton Atlas to their makers. Even Appleton has no such information. It is only misleading for Rand McNally & Co. to make any assertions or estimates with respect to the creative cost of its competitor's maps, as to which it has no information whatever nor any safe rule for guidance in estimating such costs. If the English map maker is willing to sell his maps to an American publisher on a basis which allows him a reasonable contribution toward his creative costs without attempting to place the whole burden thereof on the American schoolbook buyers, we submit that this furnishes no sound reason why the Congress should amend the tariff schedules to provide increases in the existing 25 per cent ad valorem duty on maps so as to effect the exclusion of superior foreign-made maps and thus result in unnecessarily raising the prices of school atlases, etc., to the American public and setting up a virtual monopoly among the one or two concerns in the United States publishing books of this character.

It is respectfully submitted, therefore, that the Congress should make no change in the existing tariff law with respect to maps and that the duties prescribed by the present law are reasonable and ample in the public interest.

SULLIVAN & CROMWELL,  
48 Wall Street, New York, N. Y.,  
Counsel for D. Appleton & Co.  
ROBERT E. GOLDSBY,  
Of Counsel.

## VALENTINES

[Par. 1410]

**STATEMENT OF MILLARD PRETZFELDER, NEW YORK CITY,  
REPRESENTING IMPORTERS OF GERMAN VALENTINES**

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

Mr. PRETZFELDER. I am a manufacturer and importer.

Senator DENEEN. Of any particular article?

Mr. PRETZFELDER. I am an importer of valentines. They are referred to in paragraph 1410, on page 173, lines 6, 7, and 8 of the pending bill.

Senator DENEEN. Do you represent yourself, or an organization?

Mr. PRETZFELDER. I represent myself.

Senator DENEEN. You may proceed.

Mr. PRETZFELDER. Mr. Chairman, we have decided, in order to expedite the matters, and let them go along a little faster, to act according to your suggestion, and submit our brief. So I am handing to you five copies of our brief in reference to this proposition, and we think the brief thoroughly covers everything we are interested in. We have made comparisons in every respect relative to shipments and relative to the amount of sales of foreign and domestic valentines, giving you the importations in dollars and cents, and also the retail sales price.

Senator DENEEN. Your brief sets forth what you are asking for?

Mr. PRETZFELDER. Yes, sir, it shows all that we are asking for and gives you the statistical data and information. That is covered thoroughly in this brief which I will file with you.

Senator DENEEN. It will be printed following your statement.

Mr. PRETZFELDER. I would request also that I be allowed to show you a few samples.

Senator COUZENS. Does your brief deal with the question of valuation?

Mr. PRETZFELDER. Yes, it gives everything in detail.

I want to show you these samples (producing samples). Here is a sample of what is called an imported valentine, and these pictures are on an embossed back. That is not made in the United States at all. They do not want to make that here.

Senator COUZENS. You say they do not want to make that here?

Mr. PRETZFELDER. No, sir.

Senator COUZENS. Why?

Mr. PRETZFELDER. Because the consumption is so small it would not pay them to equip and set up a factory. The machinery would cost them a great deal more than they could turn over in this article in five years, or probably in ten years. They do not want to make these small pictures in this country. There is a lot of hand work connected with it.

Senator COUZENS. What do you manufacture? Are you an importer and manufacturer?

Mr. PRETZFELDER. I am an importer, and a manufacturer of some items.

Senator COUZENS. Not valentines?

Mr. PRETZFELDER. Not valentines. We just import the valentines. We have another item, commonly known as the penny item sold for a penny in retail stores. (Indicating sample.) The domestic lithographer does not want to make this because it is handwork, and there are not enough sold to make it pay, because there is not enough turnover.

The importation of foreign valentines only amounts to about \$400,000.

We have another instance here where a similar item is made in the United States of this class of merchandise. It is made and sold at prices that we have a hard time to compete with under the present tariff.

Senator DENEEN. Will you label those samples so we can tell what they are?

Mr. PRETZFELDER. Yes, sir. This item is a combination of tissue paper and mechanical effects. That is not made in the United States. I think that covers everything I desire to present.

(Mr. Pretzfelder submitted the following brief:)

BRIEF ON BEHALF OF AMERICAN IMPORTERS OF GERMAN VALENTINES

Until the present proposed tariff bill no duty has ever been imposed on valentines, as such, but they have always been classified under the lithographic schedule. Under the tariff act of 1913, Schedule M, paragraph 325, the duty on lithographic valentines of the size and dimensions imported by your petitioners was 5 cents per pound, and customs duty at the same rate had been levied since the McKinley Tariff Act of 1896.

Under the tariff act of 1922, Schedule 13, paragraph 1306, the duty was changed to read as follows:

"Exceeding eight and not exceeding twenty one-thousandths of an inch in thickness, and less than 35 square inches cutting size in dimensions, 10 cents per pound; exceeding 35 square inches cutting size in dimensions, 9½ cents per pound, and in addition thereto on all of said articles exceeding eight and not exceeding twenty one-thousandths of an inch in thickness, if either die-cut or embossed, one-half of 1 cent per pound; if both die-cut and embossed, 1 cent per pound; exceeding twenty one-thousandths of an inch in thickness, 7½ cents per pound."

Under the provision above quoted it will be seen that the duty was increased more than 100 per cent the charge being increased to 10 cents per pound plus one-half a cent for die cutting and one-half a cent more for embossing, making a total of 11 cents per pound.

Under the tariff bill as passed by the House, paragraph 1406, page 169, lines 8 to 17, inclusive, the duties levied by the corresponding paragraph above quoted have been increased from 10 to 15 cents per pound, and 1 cent each for die cutting and embossing, making an increase of approximately 65 per cent. But the House bill has seen fit to make a separate classification for valentines under paragraph 1410, lines 6, 7, and 8, which read:

"Greeting cards, valentines and all other social and gift cards, 35 per cent ad valorem; in the form of folders and booklets, 45 per cent ad valorem."

It is submitted that this change was improvidently made and perhaps unintentionally imposed a prohibitive duty upon the merchandise imported by your petitioners, and your petitioners therefore respectfully urge that your honorable committee amend this paragraph to read as follows:

"Greeting cards, and all other social and gift cards, 35 per cent ad valorem; in the form of folders and booklets, 45 per cent ad valorem; valentines made up of more than one part 20 per cent ad valorem."

POINTS

*I. The new tariff bill should have reduced rather than increased the duty on the goods imported by your petitioners.*—Under the act of 1922 when wages in Germany and the cost of materials were at their minimum, the duty on the goods imported by your petitioners was increased more than 100 per cent. Since that

time wages in Germany and the cost of materials in Germany has increased far more rapidly than in the United States, and this increase continues at a tremendous ratio

At the hearings before the House Ways and Means Committee in 1921 when the tariff act for 1922 was being prepared, various representatives of the employing lithographers and lithographers' unions were heard, but no representative of these importers had the good fortune to appear, and their case was not considered. Prior to that time, for a quarter of a century, the duty upon these valentines had been five cents a pound, but at these hearings it was stated that the wages of German lithographers at that time were \$3 a week, while \$45 a week was paid to American lithographers, and it was urged that a drastic increase in the duty was necessary. These statements were doubtless based upon the chaotic condition of exchange in the European countries affected, to wit, Germany and Austria, where the mark and the kronen were deteriorating in value daily, and it was impossible day by day to make a fair statement of what was the value of wages in these countries when stated in terms of American dollars.

The situation to-day is very different. In Germany, which is the only country from which these importations come, the mark has been thoroughly stabilized and the present wages of lithographers is about \$25 per week instead of \$3 per week. On the other hand, the wages of American lithographers have increased to \$75 per week, but the American lithographer, as a part of his duties, must complete the entire lithographic work, consisting of laying out, setting up and transferring of the originals to the stone, and all other necessary preparation of the material. Contrasted with this the German lithographer has what is called a "laying-out man," or helper, who also receives \$25 a week.

It therefore appears that while in 1921 the American lithographer received nine or ten times the wage of the German lithographer, he now receives barely three times the German wage, though the wages of both have been greatly increased.

**II. Imports have not increased.**—That there is no justification for the tremendous increase in the duty on valentines proposed by the House bill is demonstrated by the fact that in recent years, under the former tariff, there has been no increase in the importations, but they have remained stationary or slightly decreased.

The truth of this statement is demonstrated by the following statistics compiled from the publications of the Department of Commerce, entitled "Foreign Commerce and Navigation of the United States."

Year	Pounds	Value	Duty
1921.....	1,096,283	\$179,280.00	\$111,771.65
1925.....	1,116,263	526,505.00	114,192.81
1926.....	906,742	449,963.00	91,957.46
1927.....	914,351	457,150.00	92,924.18

The figures for 1928 are not yet available, but will not vary materially from those of 1927.

These figures do not include lithographs thinner than eight one-thousandths or thicker than twenty-one-thousandths of an inch, neither of which affect your petitioners, but in neither of which has there been any substantial increase in importation. On the other hand the above figures represent all the goods imported by your petitioners and practically none others.

It is further urged that these statistics demonstrate that the amount of goods imported is infinitesimal compared with the enormous production in this country.

**III. The class of valentines imported from Germany is not produced in this country.**—The goods brought in by the valentine importers are described technically, as "pullers," "mechanical valentines," "tissue-paper valentines" and "cut-out valentines." Samples of these valentines will be produced before your committee. It will be seen that they are distinguished from cards, whether Christmas cards or greeting cards, or any other kind of cards, by the fact that they are made up of more than one piece and are of a character that can only be used in the valentine trade. These valentines, which are sold at very cheap prices, are of artistic workmanship, are colorful, are glazed and embossed and are attractive to the juvenile eye. Samples will be put before your honorable committee which will show you a distinct and marked difference between these valentines and valentines manufactured in the United States.



The goods when imported are sold to different jobbers and purchased by different customers than the American-made valentine, and in turn these are used by 5-and-10-cent stores and the cheaper grade of stationery stores, which do not sell the higher grades of American-made valentines.

It is to be borne in mind that this particular class of goods has a market confined to one day in the year, that is Valentine Day, the 14th of February. They are not intended for, and can not be used as Christmas cards, New Year's cards or greeting cards. They are exclusively "love tokens," which it has been the custom from time immemorial for young people to deliver to each other, and the particular class of valentines imported is more particularly designed for juveniles and young children.

IV. *The proposed increase in duty is prohibitive.*—It will be readily understood that the change from a specific to an ad valorem duty makes a drastic change the imposition of the duty, especially where high-priced products are light in weight and the cheaper products heavier.

Our experts have prepared schedules showing the average cost of different grades of valentines, the specific duty as imposed by the tariff bill of 1922 and the duty figured at 35 per cent ad valorem, showing the percentage of increase caused by the change.

Average cost of valentines	Duty as per 1922 tariff	Duty figured at 35 per cent	Per cent increase on duty at 35 per cent
<i>Thousands</i>			
\$2.24	\$0.44	\$0.78	79
2.65	.50	.93	83
4.90	1.40	1.72	28
7.70	2.20	2.70	22
10.20	2.63	3.57	35
11.70	2.53	4.10	62
15.70	3.26	5.50	69
19.55	5.25	6.88	30
22.20	5.78	7.77	34
29.05	7.05	10.17	44
41.80	8.40	14.63	75
46.00	8.82	16.10	81

These figures demonstrate that the duty at 35 per cent ad valorem works an average increase of 53½ per cent over the present rate of duty.

V. *The nature of the goods requires the change requested.*—The valentines more largely imported by your petitioners, as the samples offered will show, are particularly known as "pull-outs," or "mechanical valentines." For example, they show dogs with moving eyes and wagging tails, a boy's hand petting a dog, elephants that can lift their trunks, and the like. These effects are produced by an extra piece moving on a pin or pivot. They are more costly to manufacture and should not pay the same duty as the plain cards which might properly be classified with social, gift, or greeting cards. As to such valentines, no change in the duty is asked, but as to "pullers," "mechanical valentines," "tissue paper valentines" and "cut-out valentines" a much smaller duty ad valorem must be levied to make their importation possible.

It is also necessary to distinguish goods of this character from folders and booklets upon a duty of 45 per cent ad valorem is charged, as this might leave the question open for contention and litigation.

It is obviously absurd to charge the same duty upon mechanical valentines as is levied upon the importation of plain cards and the distinction asked is therefore legal and fair.

A duty of 20 per cent ad valorem would be substantially equivalent to the specific duty imposed upon these importations by the tariff act of 1922, which as already pointed out, was an increase of 100 per cent over any duty theretofore imposed.

The change requested would maintain the theory of ad valorem charges and at the same time do substantial justice to this very small class of importers.

It is respectfully submitted that it was not the intention of the administration in urging a "limited" revision of the tariff to make increases in such minute

matters as are here presented and shut out importations where there is no American competition and where American labor is not affected.

VI. *The prayer of your petitioners should be granted.*—The paragraph in question should be changed to read:

"Greeting cards, and all other social and gift cards, 35 per centum ad valorem; in the form of folders and booklets, 45 per centum ad valorem; valentines made up of more than one part 20 per centum ad valorem."

Respectfully submitted.

LAFAYETTE B. GLEASON,  
ALEXANDER OTIS,  
374 Madison Avenue, New York City.  
JOSEPH A. MICHEL,  
38 Park Row, New York City,  
*Attorneys for Petitioners.*

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# SUPPLEMENT

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## PAPERS IN GENERAL

### BRIEF OF S. L. WILLSON, HOLYOKE, MASS., REPRESENTING THE AMERICAN PAPER AND PULP ASSOCIATION

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

In accordance with our offer made to your subcommittee No. 4 (paper and books) at its hearing on June 13, 1929, we are submitting this memorandum for the purpose of setting forth the meaning, purpose and effect of our suggested phraseology for the paper paragraphs, which we believe will clarify existing ambiguities. It should be noted that we are not asking many changes in existing rates, but merely changes in language to correct conditions experience has taught us should be changed so that the intent of the law may be carried out.

#### SCHEDULE 14.—PAPERS AND BOOKS

##### PARAGRAPH 1401

The phraseology of this paragraph is satisfactory.

##### PARAGRAPH 1402

*Laminated or pasted.*—Laminated board as known in the industry consists of two or more layers of board combined with paste or other adhesive substance. Board in which the layers are united or combined by pressure on a multicylinder machine in one process without the use of an adhesive substance is known in the trade as unlaminated board and is so classified under the present law. The United States Court of Customs Appeals in T. D. 42868 rules that the word "laminated" in paragraph 1301 and paragraph 1313 of the present law was used in its common ordinary sense and means composed of layers. Under this ruling a multicylinder board might be classified as a laminated board. If it is deemed advisable to retain the term laminated it should be qualified by the words "by means of an adhesive substance."

*Glazed.*—The term "glazed" is used in this paragraph in a descriptive rather than a commercial sense. Administrative officials have been unable to determine the exact degree of gloss which is intended by the term "glazed." To remove ambiguity, the secondary processes usually employed to produce gloss should be mentioned. It is therefore suggested that the terms "plate finished, supercalendered, or friction calendered" be substituted for the word "glazed."

*Coated.*—Coated board is now held for tariff purposes to be a board the surface of which is coated with a layer of some substance. Board, to the surface of which stain or dye has been applied in the same manner as a coating, is now classified for duty as an uncoated board because the dye or stain is absorbed and there is no apparent coating on the surface of the board. The latter kind of board is placed by the industry in the same class as coated board. The words "surface stained or dyed" should be inserted after the comma following the word "coated" in this paragraph.

*Lined.*—Lined board under the present law is held to be board to the surface of which a liner has been pasted after the board was manufactured. Vat-lined board is board to which a liner is applied in the form of a layer of pulp at the time of manufacture in one process and is classified for duty as an unlined board. Vat-lined board competes in the trade with lined board and should have the same classification as the latter. It is suggested that the words "or vat-lined" be inserted after the comma following the word "lined" in this paragraph.

## PARAGRAPH 1403

The phraseology of this paragraph is satisfactory.

## PARAGRAPH 1404

*White or printed.*—The words "white or printed" have been eliminated from this paragraph. The effect of this deletion is to exclude printed tissue papers from this paragraph and throw such papers into the provision for decorated paper in paragraph 1405 at probably a lower rate. Printed tissue paper should be restored to this paragraph.

*All light-weight paper.*—We believe that all light-weight paper of whatever kind should be brought under this paragraph. This can be accomplished by inserting in this paragraph a proviso we suggested in our brief to the Ways and Means Committee, as follows: "Provided, That all paper, except lithographed paper, weighing less than 12½ pounds to the ream, whether or not more specifically provided for elsewhere, shall be dutiable under this paragraph." The effect of this proviso would be to bring into this paragraph all light-weight papers of tissue paper weight, such as glassine condenser paper now in paragraph 1405 at 3 cents per pound and 15 per cent, and light-weight manifold and onion-skin paper weighing 7 pounds or more but less than 8 pounds to the ream. (See comments under par. 1407.)

## PARAGRAPH 1405

*Uncoated paper with surface design.*—The provision for this paper is ambiguous. It provides for paper with a design fancy effect, pattern or character, etc., at 4½ cents per pound and 10 per cent ad valorem, and in addition thereto, if printed or embossed, etc., 10 per cent ad valorem. This provision implies that a paper must first have a design, fancy effect pattern, etc., and in addition thereto be further printed or embossed, etc., before the additional duty would apply. If the design consists of a single printed impression or if the design is produced by only a single embossing, it is questionable whether or not the additional duty applies. Under the present law it is the practice to assess the additional duty if the design is produced wholly or in part by printing or embossing.

*Decorated grease-proof and imitation parchment paper.*—This decorated paper is now claimed dutiable at the same rate as the undecorated paper. These decorated papers should take the same classification as other decorated papers now covered by another clause in this paragraph. To accomplish this result it is suggested that the words "not coated, embossed, printed, or decorated in any manner, or wholly or partly covered with metal or its solutions" be inserted after the two provisions covering grease-proof and imitation parchment paper.

## PARAGRAPH 1407

*Increased weight limitation.*—In raising the weight limitation from 7 to 8 pounds the papers mentioned herein (particularly manifold and onion skin papers which mostly fall within this weight range) are transferred to paragraph 1409 at 30 per cent. If our suggested proviso to paragraph 1404 were adopted, it would bring the papers mentioned in 1407 weighing 7 pounds or more but less than 8 pounds to the ream into paragraph 1404. This change is suggested in order to prevent conflict between two paragraphs of the same schedule. If our suggested proviso to paragraph 1404 is not adopted the weight limitation of 7 pounds should be restored:

## PARAGRAPH 1413

*Test or container boards.*—Canada assesses a duty of 25 per centum ad valorem on American boards of this kind irrespective of strength. Under paragraph 1413 this board testing over 60 pounds is dutiable at 20 per cent while the same kind of board testing 60 pounds and under is dutiable at 25 per cent by reason of the countervailing duty provision in paragraph 1402. The countervailing duty provision should apply to all of these boards.

*Basis of test.*—The provision for bursting strength on basis of square inch is inaccurate. The Mullen or Webb test is not upon the basis of a square inch and the words "per square inch" should be omitted from this paragraph.

*Harmony with paragraph 1402.*—The descriptive provisions for board in this paragraph should be made to harmonize with those in 1402. (See comments under par. 1402.)

*Grouping with paragraph 1402.*—It is recommended that all boards in paragraph 1413, except such as are cut, die cut, or stamped into designs or shapes should be transferred to paragraph 1402 so that all kinds of board will be grouped together under one paragraph, leaving in paragraph 1413 only manufactures of board and paper.

Supplementary briefs pertaining to special classifications under this schedule may be filed by individual groups of the American Paper and Pulp Association. Respectfully submitted.

S. L. WILLSON,  
President American Paper and Pulp Association.  
MILTON E. MARCUSE,  
Chairman General Tariff Committee  
American Paper and Pulp Association.

## PULPBOARD

(Par. 1402)

### BRIEF OF THE LAGERLOEF TRADING CO. (INC.), NEW YORK CITY

This statement is filed in behalf of the Lagerloef Trading Co. (Inc.), 52 Vanderbilt Avenue, New York City, an American company engaged in the importation of pulpboard from Finland.

*General description of product.*—Pulpboard is imported from Finland because of the existence there of adequate supplies of spruce wood for this purpose, and the inherent purity of the product for special uses. Pulpboard consists of pure spruce pulp. The purity of the product is made necessary by its use for food purposes, particularly for picnic plates, pie plates, egg-case fillers, and similar purposes in which the absolute purity, cleanliness, absence of odor, and appearance of the pulpboard is required.

This product is a semiraw material, being converted or manufactured into various articles before it reaches the general public. It is identical with pulpboard used in the manufacture of wallboard.

*Imports.*—Pulpboard imports, other than imports by domestic wallboard manufacturers, are negligible. Such imports are considerably less than 4 per cent of the domestic pulpboard production.

Pulpboard importations from Finland during the past seven years follows:

	Tons
1922.....	3,748
1923.....	3,893
1924.....	3,760
1925.....	5,199
1926.....	4,130
1927.....	4,355
1928.....	4,589

Or an average yearly importation of 4,239 tons of 2,000 pounds.

This inconsequential volume of pulpboard imports compares with an average yearly domestic production of pulpboard of 125,000 tons, as estimated by witnesses appearing before the House Ways and Means Committee. The Biennial Census of Manufactures 1925, issued by the United States Department of Commerce, estimated pulpboard production in 1925 at 130,881 tons.

*Competition.*—Competition between imported and domestic pulpboard is practically nil, owing to the small quantity of foreign pulp board imported for special purposes. The selling prices of imported and domestic product are approximately equal. As compared with the estimate given the House Ways and Means Committee by domestic manufacturers of the decline in the sales price of pulpboard in the United States from \$77 a ton six or seven years ago to \$50 a ton in 1928, this company's average yearly price (per 2,000 pounds, f. o. b. seaboard) over the last seven years follows:

1922.....	\$56.35
1923.....	71.01
1924.....	66.72
1925.....	60.07
1926.....	66.34
1927.....	60.47
1928.....	60.46

The above table of actual selling prices of imported pulpboard absolutely refutes testimony before the House Ways and Means Committee that either the price or volume of foreign pulpboard shipments has affected domestic prices. The various kinds of domestic boards have been affected by entirely domestic trade factors, principally competition between domestic mills. For further proof of the fact that the decline in board prices is due to competition between domestic mills, rather than by insignificant foreign shipments brought in for special purposes, we beg to refer to Summary of Tariff Information, 1929, on tariff of 1922, Schedule 13, papers and books, compiled by the House Ways and Means Committee. For instance, 85-pound test board during the past several years has declined in price from \$85 per 2,000 pounds to \$47.50 per 2,000 pounds. Chip board for the same period has declined in price from \$65 per 2,000 pounds to \$32.50 per 2,000 pounds. On these grades of boards there has been no foreign competition as there have been practically no imports.

Thus competition between domestic pulpboard manufacturers rather than pulpboard imports is shown to have dictated market prices.

Regarding the absence of competition between domestic mills and the small volume of foreign shipments, we beg to refer to Volume XV, Tariff Readjustment Schedule 15, free list, page 8802, stating as follows:

"These board mills do not need protection on their finished product from outside countries, as there is very little board imported into this country and such board as is imported is not a factor in competition."

Thus it is admitted that no increase in the present tariff on pulpboard is needed.

*Present and proposed provision, Paragraph 1402.*—That part of the present provision of the law material to this statement is as follows:

"PAR. 1302. Paper board, wall board, and pulpboard, including cardboard, and leather board, or compress leather, not laminated, glazed, coated, lined, embossed, printed, decorated, or ornamented in any manner, nor cut into shapes for boxes, or other articles, and not specially provided for, 10 per centum ad valorem; pulpboard in rolls for use in the manufacture of wallboard, 5 per centum ad valorem."

The following substitute provision for paragraph 1302 was properly rejected by the House Ways and Means Committee:

"PAR. 1302. Products made on the multicylinder or wet machine commonly or commercially known as cardboard, paper board, pulpboard, and leatherboard, or compress leather, not pasted nor combined with any adhesive, nor plate finished, supercalendared, or friction calendared, coated, surface stained or dyed, lined or vatlined, embossed, fabric finished, printed, decorated, or ornamented in any manner, not cut into shapes for boxes or other articles, and not specially provided for, 10 per centum ad valorem; any of the foregoing pulpboard in which more than 50 per centum of the fiber content consists of mechanical or chemical wood pulp or a combination of both, one-half of 1 cent per pound and 10 per centum ad valorem. Press boards and press paper and all cardboard, paper board, pulpboard, and leatherboard or compress leather, except such as are lithographed, not specially provided for, 30 per centum ad valorem."

The effect of the proposed additional duty on one-half of 1 cent per pound on pulpboard would be to raise an insurmountable barrier against necessary imports to meet special uses here. Such proposed additional duty would unreasonably embargo all importations of pulpboard.

Present duty would be increased about 250 per cent as the probable effect of the proposed change in paragraph 1302. To measure this actual effect, the present duty of 10 per cent, ad valorem on pulpboard, to be used for other purposes than wall board, would amount to about \$4 per ton. Actual duty paid, due to assessment of countervailing duty, amounts to \$4.60 per ton. The additional duty of one-half of 1 cent per pound would make the proposed duty about \$14 per short ton, or equivalent to approximately 35 per cent ad valorem as compared with duty imposed under the present law.

The phraseology of proposed paragraph 1302 also was objectionable because ambiguous and susceptible of being misunderstood and misconstrued. One apparent construction of the proposed provision would mean that vat-lined board might become dutiable at 35 per cent ad valorem. The term "vat lined" is susceptible of various constructions. It is well known in the trade that all boards of whatever nature made on multicylinder machines may be termed "vat lined" for the reason that the raw stock is picked up by cylinders from vats. Therefore, the retention of the term "vat lined" would have been to invite a misconstruction of the law so as to make all pulpboard dutiable at not less than 35 per cent ad valorem.



*House provision, paragraph 1402.*—The House provision, paragraph 1402, embodying changes in the present law, is as follows:

"PAR. 1402. Paper board, wallboard, and pulpboard, including cardboard, and leather board or compress leather, not [laminated] glazed, laminated or pasted, coated, lined, embossed, printed, decroated or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for, 10 per centum [ad valorem; pulp board in rolls for use in the manufacture of wall board, 5 per centum] ad valorem: Provided, That for the purposes of this Act any of the foregoing less than [nine, twelve one-thousandths of [an] one inch in thickness shall be deemed to be paper; sheathing paper, roofing paper, deadening felt, sheathing felt, roofing felt or felt roofing, whether or not saturated or coated, 10 per centum ad valorem. If any country, dependency, province, or other subdivision of government imposes a duty on any article specified in this paragraph, when imported from the United States, in excess of the duty herein provided, there shall be imposed upon such article, when imported either directly or indirectly from such country, dependency, province or other subdivision of government, a duty equal to that imposed by such country, dependency, province, or other subdivision of government on such article imported from the United States.

"Committee note: The term 'pasted' is another term for 'laminated'.

"Pulpboard in rolls for use in the manufacture of wall board is made dutiable as pulpboard under this paragraph at 10 per centum ad valorem.

"Straw paper which is nine one-thousandths of one inch or more but less than twelve one-thousandths of one inch in thickness, classified under this paragraph in the 1922 act, has been transferred to paragraph 1409 (p. 225 of this print)—new rate 30 per centum ad valorem."

*Readjustment of present rate needed.*—Present rates, rather than provisions, of the tariff law are inequitable and discriminatory. For instance, under paragraph 1302 of the present law:

(1) Pulpboard imports for other than manufacture of wall board is dutiable at 10 per cent ad valorem plus countervailing duty.

(2) Pulpboard imports for manufacture of wall board is dutiable at 5 per cent ad valorem.

These products are identical. The raw materials and producing processes are the same. The only practical difference in the products is in their uses, and it is respectfully suggested that this discrimination is inequitable and should be remedied.

It is apparent that the present rates work an unfair discrimination against manufacturers of picnic plates, egg-case fillers, and other articles in favor of manufacturers of wall board. Those manufacturers now are permitted to import their pulpboard, aggregating 30,064 tons in 1927, or more than six times the volume of pulpboard for other purposes, at a rate of duty only one-half that which other converters and manufacturers are compelled to pay. This discrimination is obviously unfair and should be remedied and the House of Representatives has acted accordingly.

*Thickness of board.*—The House bill has increased the thickness of pulpboard under new paragraph 1402 (old par. 1302) from nine-thousandths of an inch to less than twelve-thousandths of an inch. We regard this change as an unjustified discrimination against particular uses of pulpboard. One group which would be unfairly hurt by such a change in the law in the conversion of pulpboard from a semiraw product are those converters of pulpboard requiring the very lightest qualities of the product for special manufactures.

*Recommendations*—It is respectfully recommended:

(1) That the present phraseology of paragraph 1302 be retained unchanged.

(2) That the rate of duty be applied uniformly, to eliminate present discriminations.

(3) That a duty of 5 per cent ad valorem be levied against all pulpboard regardless of its use.

Respectfully submitted.

LAGERLOEF TRADING CO. (INC.),  
By O. HYLIN, Jr., Vice President.

WASHINGTON COOPERATIVE EGG AND POULTRY ASSOCIATION,  
Seattle, Wash., March 20, 1929.

LAGERLOEF TRADING Co.,  
New York City, N. Y.

GENTLEMEN: Our attention is called to the fact that application is being made for an increase in the tariff on wood pulpboard importations. We are large users of this commodity in its manufactured state, and any change in tariff would affect our operations. Investigations which we have made show no considerable difference in the cost of the imported board against that of domestic manufacture, but judging from past experience, we feel the availability of the foreign supply is essential to maintain a fair and competitive market. Our conviction is that the present tariff is adequate protection for the domestic manufacture of this product.

Yours very truly,

V. V. MORROW,  
Manager Seattle Station.

FOX RIVER BUTTER Co. (INC.),  
Seattle, Wash., May 7, 1929.

LAGERLOEF TRADING Co. (INC.),  
New York City.

GENTLEMEN: In the process of purchasing eggs from the producers in this State and their subsequent shipment to Eastern consuming markets, we use large quantities of egg case fillers. These fillers are manufactured from imported wood pulp board. We now understand that there is a movement on to increase the tariff on the board.

If our information is correct, and can be supported by the facts the present tariff seems to be sufficient and adequate for the protection of our domestic mills. In view of this situation, we urge that serious effort be made to prevent any change in the now existing schedule—otherwise it is more than likely that the additional cost must either revert back to the producer or consumer.

Yours very truly,

T. W. OSTEN, Manager.

INDIANA FIBRE PRODUCTS Co.,  
Marion, Ind., February 19, 1929.

LAGERLOEF TRADING Co. (INC.),  
New York City.

GENTLEMEN: We understand certain interests are endeavoring to have the tariff on wood pulpboard raised beyond the amount stipulated in paragraph 1302, tariff act of 1902.

In my opinion any raise in the tariff on wood pulpboard will work a great hardship on the pressed paper plate industry. As you probably already know, the pressed paper plate industry has to compete with a plate made by the molded process so that any increased cost of raw material will work as a great hardship.

Several times in the past it has been impossible for us to purchase a sufficient quantity of wood pulpboard from domestic mills as they have preferred to sell other grades of board when they had sufficient orders, they only being anxious to serve us at such times as their orders ran short on pulpboard used for purposes other than pressed plates. These conditions existed when practically no pulpboard was imported; consequently, any raise in the tariff would operate to merely damage the business of the pressed plate manufacturers which has been worked up at a considerable expense and would not benefit the domestic mills excepting perhaps to a small extent during periods when they were short of orders on their regular run of material.

As you know, we built special machines which are adapted for the use of imported board and have spent a considerable amount of money perfecting our process to utilize imported board and, therefore, we ask you to please do everything in your power to prevent the raise in tariff mentioned above.

Yours very truly,

G. A. BELL,  
President and General Manager.

**PULPBOARD IN ROLLS**

[Par. 1402]

**SUPPLEMENTAL BRIEF OF DUTRO C. CALE, REPRESENTING THE CERTAIN-TEED PRODUCTS CORPORATION, NEW YORK CITY**

The testimony given by Mr. Osborne, a witness before subcommittee No. 4, Thursday, June 13, 1929, indicated it to be his belief that \$40 per ton would represent a high Canadian mill cost of pulpboard in rolls for use in the manufacture of wall board, and that to this Canadian mill cost the addition of a duty of 10 per cent would give his Wisconsin mill sufficient protection.

We deny that \$40 per ton is a high Canadian mill cost of this material, as our actual cost of pulpboard in rolls for use in the manufacture of wall board averaged \$44.07 per ton at our Thorold, Canada, mill for the first quarter of 1929. This is a representative cost. Adding the present 5 per cent duty and freight to port of entry, at Black Rock, N. Y., a suburb of Buffalo, N. Y., made our Buffalo wall-board manufacturing plant actual average cost \$48.22 per ton for the first quarter of 1929, or approximately \$4.22 per ton higher than Mr. Osborne's estimate of a high Canadian mill cost plus 10 per cent duty.

If this material were admitted duty free, our cost at port of entry would have been approximately \$45.97 per ton, or \$1.97 per ton higher than Mr. Osborne's estimate of a cost that would be necessary to equalize the cost of similar material at his Wisconsin mill.

Mr. Osborne stated that probably not more than 35 per cent of his wall board is used in the building trades.

Our records indicate that over 95 per cent of our wall-board production is used as a building material where it is in competition with lath and lumber, which are duty free.

Mr. Osborne stated that labor rates of pay are lower in Canada than in the United States.

Our records show that the Canadian labor rates of pay are higher than the labor rates of pay for the same labor operations at Niagara Falls, N. Y., and other points in the United States at which we operate mills, and at all these points our company pays as much or more than the standard local rates of pay.

Our material is made entirely of duty-free pulp, and principally of wood pulp, of which there is an inadequate domestic supply in the eastern section of the United States; and to this duty-free pulp we add a minimum amount of Canadian labor necessary to place it in form for economical shipment. Failure to prepare this material for shipment in this way would make it incur an additional Canadian freight charge of an amount almost equal to the amount now expended for Canadian labor.

This material at United States port of entry is lower in value than other grades of wood pulp which are now duty free and lower than standard newsprint, which is made entirely of wood pulp and is imported duty free.

The same economic reasons justifying the free importation of these materials justify the free importation of our material, viz:

1. Shortage of adequate pulpwood supply.
2. The necessity for conserving the remaining eastern pulpwood supplies. By our present procedure we secure the benefit of Canadian natural resources, of which there is a shortage in eastern United States, by a minimum expenditure for Canadian labor.

3. Shortage of adequate power facilities.

The amount expended for labor on this material in the United States by our company is approximately six times the amount expended for labor in Canada to prepare this pulp for economical shipment to our wall-board manufacturing plants in this country.

Respectfully submitted.

DUTRO C. CALE,  
*Vice President Certain-teed Products Corporation*

**BRIEF OF THE PLASTERGON WALLBOARD CO., BUFFALO, N. Y.**

SENATE FINANCE COMMITTEE,  
Washington, D. C.

**GENTLEMEN:** This company, incorporated under the laws of New York, was established in 1911 and has a substantial investment in buildings and manufacturing equipment at Buffalo, N. Y., in which is employed American labor for the manufacturing of wall board, which is a building material.

H. R. 2667, paragraph 1402, doubles the rate of duty heretofore applying on our raw material, increasing it from 5 to 10 per cent ad valorem.

We submit that in view of the facts hereinafter submitted the rate of duty on our raw material not only should not be increased but is entitled to placement on the free list.

The reasons for our contention are as follows:

1. Analysis of our business shows that over 90 per cent of our commodity is utilized in human habitations—one of the primary necessities of man. It is used principally in the homes of workmen, in rural communities, and in farm buildings.

2. Our wall board is in competition with lath and lumber, both of which are on the free list. Our raw material "pulpboard in rolls for use in the manufacture of wall board" is made entirely of pulps which are on the free list and principally of wood pulp, of which there is an inadequate domestic supply, particularly in the eastern section of the United States.

3. It is not in competition with box board or with pie plates or egg case fillers, or any other food container. It is a different and cheaper material than the product currently manufactured for these food containers as shown by the brief of the pie-plate manufacturers and the statement of the manufacturers of pie-plate stock.

4. None of our raw material is or has been imported from Finland, or other countries where labor rates are lower than ours. Our raw material "pulpboard in rolls" is imported exclusively from Canada, and is made from Canadian pulp to which has been added in Canada the minimum amount of labor necessary to prepare it for economical shipment.

5. This procedure secures the benefit of Canadian natural resources of which there is a shortage, particularly in the eastern section of the country, with the addition of the minimum amount of Canadian labor.

6. Our raw material is delivered to port of entry by rail freight, not by cheap water freight.

7. The Canadian rate of payment for labor is higher than the rate of payment for the same classes of labor in this section of the United States.

8. In the United States our labor expenditure on the raw material is six times the amount for labor expended in Canada to prepare the pulp for shipment.

9. Under the Payne-Aldrich Act our pulpboard was admitted duty free. Under the act of 1913 it carried 5 per cent ad valorem. Under the act of 1922 it carried 5 per cent ad valorem.

10. Bureau of Commerce Statistics show the total imports of "pulpboard in rolls for use in the manufacture of wall board" have declined each year since 1923, and during the years listed below were as follows:

	Pounds
1923.....	78, 775, 396
1927.....	60, 127, 790
1928.....	54, 000, 000

Decline in volume of importations since enactment of tariff act of 1922=32.5 per cent. Decline in volume of importations in 1928 under 1927=10 per cent.

11. Since 1923, at which time we had a nice business in the West, our company has been almost entirely eliminated in the western field, in which is located the competitive manufacturer now seeking an additional rate of duty on our raw material.

12. The foregoing condition of rapidly declining imports on raw material as shown by Commerce Reports indicates we are losing business even under the present 5 per cent ad valorem tariff.

13. The value of this material at port of entry is less than the present import value at port of entry of other grades of wood pulp, which are duty free, and available for use of our competition, and lower than standard newsprint, which is made entirely of wood pulp imported duty free. And the same economic reasons applying to these materials justifies the free importation of our material,

*viz*, shortage of adequate pulp-wood supply, shortage of adequate power facilities, necessity for conserving such eastern American pulp-wood supplies as at present exist.

14. Free importation of this material used exclusively for wall-board manufacture will not injure any American industry on account of a shortage of wood-pulp supply in the eastern section of the United States, inadequate power facilities, and improper mill equipment for producing rolls in the width required.

15. We therefore respectfully ask that, irrespective of the rate of duty applied and in order to avoid the possible confusion of our product with other pulpboard, such as box boards, paper board, pulpboard used in the manufacture of food containers, and further to continue to provide in future Commerce Reports clear records of "imports of pulpboard for use in the manufacture of wall board" that the description "Pulp board in rolls for use in the manufacture of wall board," with the duty applying thereon, be inserted at the conclusion of paragraph 1402, tariff act 1909.

16. We further request that in view of the conditions herein shown to exist that your committee not only refuse to ratify the 10 per cent ad valorem, which is an increase of 100 per cent in duty, imposed by H. R. 2667, but that your committee give us the relief to which we believe the facts presented entitle us and add to paragraph 1402 of H. R. 2667 the following clause:

"Pulpboard, either smooth or pebble surface, in rolls for use in the manufacture of wall board, duty free."

Respectfully submitted.

THE PLASTERGON WALL BOARD CO.,  
W. G. SAVILLE, *President*.

## STRAWBOARD

[Par. 1402]

### BRIEF OF ADRIAN VUYK, NEW YORK CITY

The CHAIRMAN OF THE SENATE FINANCE COMMITTEE,  
*United States Senate, Washington, D. C.*

SIR: May I draw your attention to a letter by the Hinde & Dauch Paper Co., written from Sandusky, Ohio, on June 10, 1929, addressed to Mr. Karl S. Dixon, and introduced before the Senate Finance Committee by Lloyd D. Brower, of Columbus, Ohio. A reproduction of this letter is attached hereto.

The letter asserts that—

1. All strawboard of 9/1,000 inch to 12/1,000 inch caliper is made on single cylinder machines in the United States, as well as in Holland.
2. All strawboard of 9/1,000 to 12/1,000 inch caliper is used for manufacturing corrugated boxes.

I fully agree with the above two points, as they confirm my contention that all strawboard of 9/1,000 to 12/1,000 inch caliper, whether made in the United States or in Holland, is alike, being made of a single sheet of pulp. Moreover, it confirms that all strawboard in this caliper is made into boxes, that it is a box board, and used for that purpose only.

The letter also asserts that—

3. All strawboard over 0.012-inch caliper is made on multicylinder machines. This I emphatically contradict. Holland is perhaps the largest producer of strawboard over 0.012-inch caliper, which is made for the British market. The undersigned has examined personally and minutely the Dutch strawboard mills and knows that all Dutch strawboard from 0.009 to 0.030 inch caliper is made on single cylinder or Fourdrinier machines from a single layer of pulp.

The letter further claims that—

4. Only strawboard made on multicylinder machines is board. This I also emphatically contradict. The proper classification of this type of board is "laminated board," consisting of more than one layer, which is provided for under paragraph 1313 of the present tariff law.

The most unfair assertion contained in the letter referred to above is that—

5. The importers of Dutch 0.009-inch strawboard use the term "strawboard" as a subterfuge; that they defraud the Government; and that the Dutch product is fraudulently admitted as strawboard.

I am the largest importer of strawboard from Holland and I strongly object to these entirely false accusations. In this I am supported by the United States

Customs Court at New York, which, in a decision on April 25, 1929, confirmed my contention that 0.009-inch strawboard for corrugating, imported from Holland, actually is strawboard and dutiable at 10 per cent ad valorem as strawboard under paragraph 1302.

The president of Hinde & Dauch, author of the above letter, testified before the Customs Court and I quote the following from the court's decision:

"Q. Do you purchase or sell any strawboard or did you prior to 1922?—A. No, sir.

"Q. Have you ever dealt in strawboard?—A. No, sir."

But flatly contradicting this testimony there is in evidence as Exhibit 15 a printed form of contract between the witness's corporation, the Hinde & Dauch Paper Co., of Sandusky, Ohio, as seller, and the Grand Corrugated Co. (Inc.), of Brooklyn, as buyer, which contract bears the witness's signature as president of the selling company in which contract is agreed in part:

"That upon terms and conditions hereinafter stated the seller agrees to manufacture for and sell to the buyer, and the buyer agrees to purchase from the seller, 480 to 720 tons of strawboard for corrugating purposes, to be shipped in accordance with the buyer's monthly specifications."

The witness further testified:

"Q. Is not it a fact that in your contracts prior to 1922 the wording in relation to the description of the merchandise was exactly the same as in Exhibit 15?—A. I think so."

Three other witnesses, Messrs. Galloway, Mitchell, and Brunt, attempted to convince the court that all strawboard for corrugating had always been known in the trade as straw paper only. Their intention was to have this product, subject to a duty of 10 per cent reclassified as straw paper under another paragraph, subject to a duty of 30 per cent. But these witnesses were confronted with their own advertisements in which they offered for sale "0.009-inch strawboard for corrugating," and which advertisements they admitted to be genuine.

If strawboard for corrugating had ever been known in the trade as straw paper, it certainly should not have been difficult to prove this by documentary evidence to the satisfaction of the Customs Court. Instead of this, all testimony tending to corroborate their contention was oral and all this testimony was convincingly contradicted by my documentary evidence.

It was further brought out in the decision by the Customs Court that board manufactured on a Fourdrinier or single-cylinder machine is not necessarily paper. Paragraph 1307 of the present tariff law specifically provides for "Bristol board made on a Fourdrinier machine."

I have been active in the market of strawboard for corrugating for over 10 years and know that this product, Dutch as well as American, has always been used as a box board and has always been called by that name.

To convince you further I inclose herewith a copy of Fibre Containers of February, 1927, a recognized American trade paper. I would ask you to look at the following pages:

Page 9: Delivered prices of boxboard. Curve 2: Strawboard for corrugating 0.009. Strawboard. Eastern price plus \$2.50.

Page 10: 0.009 strawboard for corrugating; 0.009 chip board. (I call your attention to chip board because this is also a product of a single-cylinder machine.)

Page 12: Chart showing relative levels of box and board prices in the corrugating industry.

Page 15: Full page advertisement of Hagar Straw Board & Paper Co., offering fine strawboard for corrugating.

Page 18-19: Advertisement of manufacturer of corrugating machines. Rollers hold board in contact.

Page 28: Advertisement of United Paperboard Co. offering 0.009 strawboard for corrugating.

Page 46: Buyers Guide. Strawboard for corrugating. Hagar, Hinde & Dauch, La Boiteaux, Republic Paperboard, United Paperboard.

Please note that the authors of the letter under discussion, Hinde & Dauch, are listed in this guide as source of supply of strawboard for corrugating.

If during 1928 and 1929 Hinde & Dauch and others have attempted to classify all strawboard for corrugating, Dutch as well as American, as paper, and even if they go to the extreme of calling their own straw box board "paper," not because this is the correct classification, but because they believe this will increase the duty by 200 per cent, tripling the present duty, I nevertheless believe to have proved that all strawboard is "box board," from 1000 inch upward; that the 0.009-inch product has been known as strawboard for corrugating for at least 15 years, even by Hinde & Dauch; that a box board need not be laminated or made on a multi-

cylinder machine to be board; that I have properly entered and paid import duties of 10 per cent under paragraph 1302; and that I have used no subterfuge to defraud the Government, as asserted by Hinde & Dauch.

I repeat that I deeply resent the assertion by Hinde & Dauch, and ask that the purpose of their letter now before your honorable body be disregarded as based on deliberate misrepresentation of facts.

Respectfully yours,

ADRIAN VUYK.

## PHOTOGRAPHIC PAPER

[Par. 1405]

### SUPPLEMENTAL BRIEF OF MANUFACTURERS OF SENSITIZED PHOTOGRAPHIC PAPER

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

GENTLEMEN: Our attention has been called to the statement of Mr. S. L. Wilson, president of the American Paper & Pulp Association to the Committee on Finance and his reference to the reduction of duty on plain basic and baryta coated paper for sensitizing for photographic purposes.

Mr. Wilson in his statement overlooks the fact that the undersigned American photographic sensitizers, together with the representatives of one of the largest American manufacturers of paper for blue print and brown print sensitizing assisted the Ways and Means Committee of the House in framing a completely new definition and classification of paper for blue print and brown print processes. By such classification, the actual requirements of both the raw paper manufacturers and the photographic sensitizers was properly taken care of without injury to either class.

This fact completely negatives the justice of continuing the old, inaccurate classification and the inappropriate duties imposed by the prior tariff acts.

Respectfully submitted.

AGFA ANSCO CORPORATION,  
*Binghamton, N. Y.*  
DEFENDER PHOTO SUPPLY Co (INC.),  
*Rochester, N. Y.*  
HALOID Co., *Rochester, N. Y.*  
RECTIGRAPH Co., *Rochester, N. Y.*  
POSITYPE CORPORATION OF AMERICA,  
*Cleveland, Ohio.*

### BRIEF OF THE EASTMAN KODAK COMPANY, ROCHESTER, N. Y.

#### UNSENSITIZED BASIC AND BARYTA COATED PAPER

Section 1305 of the tariff act of 1922 provides:

(1) A tariff on plain basic photographic paper of 3 cents per pound and 15 per cent ad valorem.

(2) A tariff on baryta coated paper of 3 cents per pound and 20 per cent ad valorem.

Section 1405, H. R. 2667, reduces the foregoing rates as follows:

(1) Plain basic paper to 5 per cent ad valorem, making a reduction of more than 75 per cent.

(2) Baryta coated paper of 5 per cent ad valorem, making a reduction of more than 80 per cent.

Plain basic photographic paper is made exclusively for the purpose of being coated with a sensitive emulsion for photographic purposes. Baryta coated paper is plain basic paper coated with clay as the first step from the basic paper to the finished sensitized paper.

We submit that the duty on plain basic paper and baryta coated paper should be maintained at a rate of at least 3 cents per pound and 15 per cent ad valorem, or at least equal to the present duty on basic paper and somewhat lower than the present duty on baryta coated paper, for the following reasons:

First. It will assure a continuous supply of domestic basic photographic paper.

For many years American paper manufacturers were unable to produce basic photographic paper in large quantities. We were obliged to import most of

our requirements, principally from Germany and France. When the World War began we realized that we must make practically all our basic paper, as importation from Germany was entirely cut off and from France largely curtailed. Accordingly, we perfected processes and installed complete paper-making machinery, with the result that in 1917, when the United States declared war, our output of basic paper was about \$500,000 per year. Since 1917 we have steadily increased our paper production. During the entire period from 1914 to the present time the duty on basic photographic paper has never been lower than 15 per cent ad valorem, and that rate prevailed under the Underwood Tariff Act of 1913. During the war imports of photographic paper from foreign countries were almost entirely prohibited, thereby creating what was equivalent to a very high protective tariff.

Had we not succeeded in meeting the demand for basic paper during the war our Government could not have procured sufficient photographic paper to meet its military demands without shutting out all other users, which would have been virtually impossible. As it was, every requirement of the Government was met during the entire period of the war and without any advance whatever in price.

We pointed out these facts to your committee in 1922. The duty then established of 3 cents per pound and 15 per cent ad valorem on basic paper established a differential sufficient to offset to a large extent the difference between the cost of manufacturing such paper abroad and the cost of manufacturing it here. Based on this apparent policy of providing reasonable protection for this comparatively new American industry, we proceeded to expand our basic paper plant and to date have invested in such plant upwards of \$6,000,000. During this period of protection several paper companies not engaged in the photographic business have undertaken the manufacture of basic photographic paper. Others, we understand, are contemplating doing so at the present time. There is no conceivable reason why with reasonable protection practically all the photographic paper used in the United States should not be manufactured in the United States. The investments which we and other companies have made in this important basic industry in reliance upon reasonable protection, and the investments which other companies are likely to make, we feel in all fairness are entitled to the continuance of that protection.

Second: Since the war foreign basic paper manufacturers have been sending their basic papers to this country in increasing quantities. By reason of wage conditions and prevailing rates of exchange they have enjoyed a decided advantage over the American manufacturers. If the proposed reduction in the tariff is made it will be impossible for the American manufacturer to reduce his costs to the level of the costs of foreign manufacturers. A duty of 5 per cent. would afford no practical protection. Because of the important labor factor in the manufacture of basic photographic paper and the cheap foreign labor available it will be hopeless in the long run for American manufacturers to meet foreign competition in this business without adequate protection.

Third: The tariff acts of 1897 and 1909 provided a duty of 3 cents per pound and 15 per cent ad valorem on basic paper. The Underwood Tariff Act of 1913 allowed a duty of 15 per cent. The Fordney-McCumber Act of 1922 allowed a duty of 15 per cent ad valorem and 3 cents per pound. During this entire period and until now there has never to our knowledge been a charge of any kind that such a duty has been excessive or injurious to any manufacturer or any other person in this country. In our brief before the House Ways and Means Committee we did not ask for any increase in the present duty. In fact we did not object to the inclusion of baryta coated paper in the basic paper classification. We believe, however, and respectfully submit that the proposed reductions of approximately 75 per cent in basic photographic paper and 80 per cent in baryta coated paper are unjust and uncalled for under any existing conditions.

Respectfully submitted.

EASTMAN KODAK CO.,  
By W. G. STUBER, *President.*

STATE OF NEW YORK,  
*County of Monroe, ss:*

William G. Stuber, being duly sworn, deposes and says: That he is the president of Eastman Kodak Co., the corporation which signed the foregoing statement; that he has read such statement and that to the best of his knowledge and belief the same is true and correct.

W. G. STUBER.

Subscribed and sworn to before me this 29th day of June, 1929.

[SEAL.]

GERTRUDE NOBLES, *Notary Public.*



## TRANSPARENCIES

[Par. 1406]

## BRIEF OF THE MANHATTAN DECALCOMANIA CO., NEW YORK CITY

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

We respectfully refer to that part of the new tariff proposals of the House of Representatives, May 7, 1929, H. R. 2667, page 168, lines 11 to 18, inclusive, as follows:

"transparencies, printed lithographically or otherwise, in not more than five printings (bronze printing to be counted as two printings), 40 per centum ad valorem; in more than five printings (bronze printing to be counted as two printings), 50 per centum ad valorem: *Provided*, That all invoices shall state the number of separate printings actually employed in the production of the transparency;"

The proposed duty will absolutely prohibit further importations of transparencies.

The proposed rates in the Hawley bill of 40 per cent to 50 per cent ad valorem show the percentages of increase in duty over the present rate of 25 per cent per pound, illustrated as follows:

On designs of two or three colors, 400 per cent increase over present rate. On designs of more than three colors, 750 per cent increase over present rate.

The rates requested of the Senate Finance Committee on June 14 by the Lithographers National Association of \$1.25 to \$1.50 per pound and 40 per cent to 50 per cent ad valorem imposes even greater increases illustrated as follows:

On designs of two or three colors, 1,000 per cent increase over present rate. On designs of more than three colors, 1,350 per cent increase over present rate.

We estimate that over 95 per cent of the transparencies consumed in this country are of American manufacture and in view of the small quantity imported we would suggest that the duty be left as it is namely, 25 cents per pound. As transparencies are a lithographed product they are at the present time dutiable as such based on 25 cents per pound and we would suggest that they be put back into the lithographic schedule which is their logical classification.

Does it not seem inconsistent that transparencies have been singled out and saddled with the enormous increases as proposed in the House bill of 400 per cent to 750 per cent, while the other lithographic products have been increased only 20 per cent? We refer to page 167, line 12, paragraph 1406.

Surely the American manufacturers can not object to 5 per cent foreign competition, and in view of this why raise the duty? But if the Senate feels duty bound to an increase, why increase the transparencies any more than the other lithographic products?

Transparencies have been imported to our knowledge for the past 20 years and when you consider that after 20 years of importing the foreign manufacturers have succeeded in only supplying 5 per cent of the American consumption we hope you agree that there should be no demand for a large increase in duty and that it is not the intention of the present administration to exclude these small importations.

We always aim to be truthful and in sympathy with everything our Government is aiming to do for the best interests of the majority and if our estimate is questioned that 95 per cent of the transparencies consumed in this country are manufactured here we will gladly stand the cost of your committee engaging a man to check up the transparencies on store windows of your own city to prove our statement. It is easy to determine those manufactured abroad as they are plainly marked with the country of origin.

Furthermore, the number of lithographers making transparencies in the United States has steadily increased in recent years under the present rate which proves that they can make a nice profit and have ample protection under the present rate.

There are 1,350 lithographers in the United States and only 5 of them manufacture transparencies, and it is a safe estimate to say that only 5 per cent of the presses of these 5 lithographers are devoted to the manufacture of transparencies. We make this statement so that you may appreciate how little the whole commodity affects labor in the lithographic industry.

The market in this country can not be flooded because every transparency is made to special order and is of no value to anyone but the advertiser ordering same. None are made otherwise.

The greatest part of the cost of a transparency, namely, the art work, selling effort, advertising, etc., represents money spent in this country.

The quality of the lithography and the nonfading colors of the imported transparencies make them highly desirable.

We repeat the essential facts we endeavored to bring out in our short brief as follows:

1. The Hawley bill's increases amount to 400 per cent to 750 per cent.
2. The increases asked for before your committee represent 1,000 per cent to 1,350 per cent.
3. The proposed duty on other lithographic products is 20 per cent.
4. Only 5 per cent of the American consumption is imported.
5. Transparencies have been imported for the past 20 years, during which time the American manufacturers have increased their output to the extent of enjoying 95 per cent of the consumption.
6. Less than one-half of 1 per cent of the American lithographers make transparencies and only 5 per cent of the presses of this one-half of 1 per cent are used for printing transparencies.
7. The number of American lithographers printing transparencies has increased under the present rate.

Respectfully submitted

MANHATTAN DECALCOMANIA Co.,  
PETER MAY.

## BRIEF OF THE UNITED SERVICE CO., LOS ANGELES, CALIFORNIA

Hon. REED SMOOT,  
*Chairman Senate Finance Committee.*

*Description.*—A lithographic print used for window advertising purposes and made on thin linen onion skin or tissue paper, extremely light weight in character, the finished product giving the effect of a transparent painted sign.

Transparencies are produced through various processes, from art work to lithographer's stone, followed by treatments with varnish and gum. This process was first discovered and developed over 50 years ago by M'CAW, Stevenson & Orr (Ltd.), of Belfast, Ireland, for use on church and cathedral windows. It has undergone various stages in its perfection until it now calls for the use of extra fine paper base, non-facing lithograph inks, nonspirit varnishes, and strong waterproof adhesives. The production of these transparencies is an art, necessitating great skill, as all designs must first be drawn on lithographer's stones, a separate stone being required for each color. Only the most experienced artists serving many years of apprenticeship can be utilized for this work.

*Recommendation.*—It is recommended that no change be made in the existing rates in the tariff act of 1922 affecting transparencies, particularly with respect to the superior Irish and Belgian product.

*Reasons for recommendation.*—So far as we have been able to determine from a reading of the testimony and briefs submitted by proponents of the increase in rates for transparencies, there have not been submitted to your committee—and it is seriously doubted that it can be gathered within the limited time available—authentic data upon which to make a determination that—

I. There is any actual competition from Irish and Belgian manufacturers of transparencies.

II. Such competition, if any, is substantial.

III. If there is competition, that the rate now fixed by the tariff act of 1922 for lithographic material less than  $\frac{1}{16}$  inch in thickness is not sufficiently high to give adequate protection.

### I. IS THERE ACTUAL COMPETITION FROM IRISH AND BELGIAN PRODUCERS OF TRANSPARENCIES

*In general.*—In support of the statement by proponents of the rate increase and separate classification for transparencies, instances have been mentioned where imported transparencies have sold for from "60 to 75 per cent of the lowest selling price of United States manufacturers, and much less than the actual cost of production."

Let us assume a foreign manufacturer has placed on the market a product which would undersell a similar domestically manufactured product. For instance, a German manufacturer may produce a low grade product that would undersell the United States product. Isolated instances of this character would not be absolute proof of actual continuous competition. The German transparencies may be so far inferior to the domestic product that purchasers would consider the two products in entirely different classes. An Ingersoll watch surely does not compete with a Waltham watch. There is a different class of buyer for each type of watch. Transparencies manufactured in Great Britain, Ireland, and Belgium are so superior to the domestic product that the purchaser is willing to pay a greater price than asked for by the domestic manufacturer. In such cases it is submitted there is no actual competition between these two products, or at least no competition to warrant increased protection for the domestic manufacturer.

Instances have been cited, presumably of German transparencies, where the foreign product was sold for less than the United States product. No accurate data has been furnished, however, showing the extent of such alleged competition or showing that the two products were similar in quality and actually in competition. On the other hand, there have been submitted examples of high grade Belgian products selling for more than 100 per cent over the selling price of domestically made products, the purchaser considering the two products in separate classes and willing to pay the higher price for the superior foreign product. We submit that the general or typical condition is that the Irish and Belgian product is sold for a higher price, because of higher quality, and that the sale of a foreign product for less than the price of the domestic article is an exceptional and isolated case.

In a portfolio attached to the original brief we submit for comparison samples of the domestic and the Irish product. (Exhibit A.) We also submit letters from customers showing a preference for the superior Irish imported product. (Exhibit B.)

*Transparency manufacturers' real competition is from domestic source.*—There is another commodity—decalcomanias—which, due to simpler processes of manufacturing, and cheaper materials, is also used for window advertising purposes and thus is in direct competition with American transparencies. The domestic manufacturer of transparencies in our opinion faces his real competition, not from the Irish and Belgian manufacturers of transparencies, but from the domestic manufacturer of decalcomanias, who are able to sell their product for the same purpose at a lower price than the domestic or German transparencies. The volume of window advertising business done by the decalcomania manufacturer is greater than the combined business of the domestic manufacturer and all the importers of transparencies, most of the decalcomanias being cheap and poorly made material that sell for a very low price.

*Comparison of selling prices of domestic transparencies with products imported from Ireland.*—Reference has been made throughout the testimony of proponents of the rate increase to alleged low selling prices of imported transparencies as compared with the selling prices of the domestic product. It is obvious that the most extreme case has been selected for comparison and the imported products mentioned were evidently of German manufacture. Particular reference is made to the following abstract from the brief submitted by the Lithographers' National Association to the House committee (p. 6981):

"We respectfully urge that transparencies be specifically provided for and that the rate of duty be made sufficient to give the United States manufacturer a fair chance to compete for this desirable business. (We don't know what the rate should be. Transparencies weighing 13½ pounds to 1,000 sold by foreign manufacturers at \$39 per 1,000 against United States manufacturers' price of \$60 and \$62.50. Duty at 25 cents per pound amounts to \$3.38 per thousand. We can supply other samples.)"

The example given in the foregoing quoted paragraph shows a sale of transparencies by a foreign manufacturer (evidently made in Germany) at \$39 per thousand against the United States manufacturer's price of \$60 and \$62.50 per thousand. We do not know whether the example is a three-color, five-color, or nine-color job, nor the quantities or size ordered, which would materially affect the price. After making a complete examination and analysis of our own sales and records, we find that the average order of Irish transparencies does not exceed 10,000 pieces in quantity and in the majority of cases runs between 1,000

The effort to have the word included in the law is a direct result of an effort to force the name on reluctant manufacturers of synthetic textiles other than rayon.

It is not our intention to go at length into the subject of the activities of those who have endeavored to popularize the word "rayon" as a generic term. Within the limits of this brief that subject may not be fully covered. It is sufficient to say that it may be easily established that some of the efforts of the advocates of "rayon" have been partisan and unfair, especially in the dissemination of incorrect information. Obviously it is to advertise and popularize the word and to force the designation on products not previously known in the trade by that term.

The Celanese Corporation of America is, so far as we know, the only manufacturer now producing and selling cellulose acetate yarn and fabrics in this country. It seems that competitors should not be permitted to designate the name to be given to cellulose acetate products. It is possible that the reasons which would make them favor the application of the word "rayon" to cellulose acetate products may be based more on a concern for the prosperity of the rayon and silk industries than a genuine interest in the success of the cellulose acetate yarn.

It has been represented that certain companies will soon engage in the production of cellulose acetate yarn and that they will call their products "rayon." We feel, however, that until these companies have actually entered into the production and sale of cellulose acetate yarn, they may not be fully informed of the problems of that business and may not be regarded as qualified to speak thereon. When, if ever, they have encountered the difficulties which this company has met, they may then appreciate the necessity for keeping the dyer, finisher, cleaner, weaver, knitter, and others informed of the nature of the products they are handling and may change their minds.

If the Celanese Corporation of America could honestly take advantage of the tremendous advertising and publicity in favor of "rayon," it would be pleased to do so. It would, however, be a fraud on the public to call cellulose acetate yarn "rayon," and such action would result in loss to those who purchased the yarn or fabrics made therefrom and attempted to handle them as "rayon."

Cellulose acetate yarns generally command a higher price than rayon. Many impartial individuals consider it a better product. The rayon manufacturers must feel the same way. They certainly would not want it labeled rayon if it were an inferior product. But if both products were called by the same name advertising descriptions of either would be entirely incorrect and inaccurate as applied to the other and the public would inevitably be deceived. It would be possible to advertise all the distinctive qualities of cellulose acetate yarn as the qualities of rayon although most of the goods sold as rayon would lack these qualities.

#### CONCLUSION

In conclusion we respectfully submit that—

1. The distinction made in the trade should be recognized.
2. Two textiles of entirely different chemical composition and of radically different physical properties should not be known by the same name.
3. Congress should not use in the tariff act as the sole designation of the product of a new and growing industry a recently coined word of questionable meaning—a word which can only be used by adopting a legislative definition which as written is at variance with all of the present (and conflicting) definitions of the word.
4. It is not necessary to use a coined word in order to apply a generic term to textile products derived from cellulose.
5. The word "rayon" should at least be supplemented by the addition of some proper description for cellulose acetate textiles.
6. The present form of the law would cause great confusion and injury.
7. The proposed amendments can not possibly injure any one.

Respectfully submitted,

CELANESE CORPORATION OF AMERICA,  
JOHN A. LARKIN, *Vice President.*

Subscribed and sworn to before me this 10th day of July, 1929.

[SEAL.]

SARAH E. MORRIS,  
*Notary Public, District of Columbia.*

**SUPPLEMENTAL BRIEF OF THE CELANESE CORPORATION OF AMERICA IN REPLY TO  
SECOND BRIEF OF THE RAYON INSTITUTE (INC.)**

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

The Celanese Corporation of America respectfully presents this supplemental brief for the purpose of supplying the committee with information in reply to statements appearing in a second brief of the Rayon Institute of America (Inc.), entitled "Memorandum Addressed to the Congress of the United States, Seventy-first Congress, First Session," dated April 27, 1929, which was filed on July 9, 1929, by H. H. Shelton, Esq., at the conclusion of his testimony before Subcommittee 3 at the hearing on the rayon schedule.

The attention of the committee is called to the fact that the Rayon Institute of America (Inc.) is an organization maintained for publicity, "educational," and similar purposes by five companies named in Mr. Shelton's brief, all of which are manufacturers employing the viscose process.

**THE TERM "RAYON" IS A REGISTERED TRADE NAME IN FOREIGN COUNTRIES**

The brief attempts to point out that the word "rayon" is not the trade-mark, or trade name, of some particular manufacturer, or group of manufacturers. "It is not a trade-mark or trade name of any one." The statement is made that the term "rayon" can not be registered as a privately owned trade-mark or trade name in the Patent Office.

While the word "rayon" is not registered in the United States, the American consul at Vienna, Austria, reported on March 16, 1929, that—

"On June 4, 1925, the firm S. Heit, I Rudolfplatz 10, Vienna, registered the word 'rayon' as trade-mark for its hosiery, knitted and woven goods (register No. 97264). This trade-mark was also internationally registered at Bern (register No. 42824), and is therefore protected in each of the 22 countries which signed the Madrid convention of 1891 (not in the United States)."

The American consul general at Prague, Czechoslovakia, reported, under date of April 8, 1929, that—

"The word 'rayon' was registered in the Czechoslovak Ministry of Commerce on July 14, 1925, under No. 42824 Bern, by the firm of S. Heit, Vienna I, Rudolfplatz 10. This term was registered to designate what is called in French 'bonneterie'; that is, goods made of artificial silk, such as stockings, shawls, and other wearing apparel."

On May 13, 1929, the American consul at Rotterdam, Netherlands, reported that—

"According to information received the word 'rayon' has been registered in the Netherlands (on September 15, 1925) under No. 42824 (international) in behalf of S. Heit, of Vienna, Austria, and had been registered in Berne Switzerland (in July 1925), for 'bonneterie.' The word 'rayon' is not registered as a trade-mark for 'artificial silk'."

In the first brief filed on the rayon schedule by the Celanese Corporation of America seven other registrations of the word "rayon" in combination with other words in Switzerland, Denmark, and France have been pointed out.

If our law requires the foreign shipper to invoice his goods in the terms of the tariff act, will not those who seek to export from Austria, Czechoslovakia, Netherlands, and other countries recognizing the international trade-mark, be compelled to choose between compliance with our law and infringement of local trade-mark laws in the country of origin?

**BASIC DIFFERENCES IN FINAL RAYON AND CELLULOSE ACETATE PRODUCTS ARE NOW DENIED.**

We consider it significant that although many proponents of the word "rayon" have appeared before this committee and the Ways and Means Committee none of them has ever undertaken to dispute the fact that the cellulose acetate product is chemically and physically different from the cellulose product.

In the portion of the Rayon Institute brief which deals with the four processes of manufacture there appear several statements which we desire to call to the attention of the committee. In the first place the attorney for this group of viscose manufacturers declares that "the basic differences among the four different processes relate to the solvents and methods used in the conversion of cellulose to liquid form and not to the spinning of the cellulose fibers." The cellu-

lose acetate process does not produce cellulose fibers. The basic differences between the three other processes which produce cellulose fibers may relate to the conversion of cellulose to liquid form and back to solid filaments, but the basic differences between the product of these three processes and the cellulose acetate process appear in the different qualities of the finished product. The cellulose acetate finished product has entirely different chemical and physical properties.

The brief of the Rayon Institute refers to one producer who uses the nitro-cellulose method, but fails to cite a single producer employing this method who had adapted the word "rayon" as a designation for its product.

The Rayon Institute briefs do not indicate that any manufacturer employing the cuprammonium process uses the word "rayon" as a designation of its product. The Rayon Institute brief cites the American Bemberg Corporation as "the one domestic company using this process at all extensively." This company has advertised its product with the statement, "Bemberg is not rayon."

In discussing the cellulose acetate process the brief of the Rayon Institute, following a specious line of reasoning, identifies the Celanese Corporation of America as "the sole rayon producer in this country using this process," thus indulging in the fallacy of assuming the question which it seeks to prove.

The Rayon Institute announces in its second brief that the American Chatillon Corporation, the Viscose Co., and the Du Pont Rayon Co. will in the very near future be engaged in the production of cellulose acetate yarn. We refer to the Report of the Hearings before the Ways and Means Committee, Volume XII, page 6757, in which it is represented on behalf of the American Chatillon Corporation that it would be producing cellulose acetate yarn within a month. So far as we know no cellulose acetate yarn produced by this company has yet been placed on the market and the testimony before the Senate committee indicated that it was not yet actually producing. We do, however, desire to call the attention of the committee to the fact that this company has published one preliminary advertisement announcing its proposed product and in that advertisement the American Chatillon Corporation identified its product as "acetate yarn," but did not use the word "rayon" to describe it.

The brief of the Rayon Institute calls attention to the fact that the three companies who assert they are about to produce cellulose acetate yarn "have announced through the public press that they will call their products by their right name, 'Rayon'." We learn, however, from the public press that the following cable has been received by the Daily News Record of New York from its Paris bureau:

PARIS, July 9.

"Papers have been filed in New York State for the incorporation of a company to be styled National Acetate Silk Co. (Inc.), in which the American Chatillon Corporation and Tubize Artificial Silk Co. of America (Inc.) are to take up 50 per cent interest. It was announced by Dr. D. M. Balsam, president of American Chatillon Corporation, who has arrived in Paris \* \* \*"

We have no sympathy with this method of designating cellulose acetate or of naming companies engaged in the manufacture of cellulose acetate yarn. We believe, however, the representations made on behalf of these companies should be considered in connection with the announced name. It is obvious that regardless of what coined word may be used in the text of advertisements by the company, all but anonymous publicity must bear the announced name of this company.

OFFICIAL RECOGNITION OF THE TERM "RAYON"

The first definition quoted is:

"Rayon: The generic name of filaments made from various solutions of modified cellulose by pressing or drawing the cellulose solution through an orifice and solidifying it in the form of a filament or filaments by means of some precipitating medium."

It requires no knowledge of chemistry to understand that the above definition, dealing with solutions of modified cellulose which is solidified by means of some precipitating medium, does not cover a product such as cellulose acetate which is not modified cellulose and is not solidified by means of some precipitating medium.

With reference to the announcements of the Federal Trade Commission, we can only say that while the commission has granted its permission for the use of the term "rayon" in designation of artificial silk products it has, neverthe-

less, itself employed and thereby approved the term "synthetic textile" in description of the whole industry. The resolution of the Federal Trade Commission was not issued as the result of any hearing or any trade conference, and is obviously not an attempt to decide any questions concerning cellulose acetate. It is nothing more than an authority to use the word "rayon" in place of "artificial silk," a name which is not and has not been used by the Celanese Corporation of America. The resolution of the Federal Trade Commission indicates no approval of the attempt now being made to make the word "rayon" the sole designation for synthetic textiles, but, on the other hand, expresses approval of "artificial silk or other words which correctly describe the materials composing the articles branded." The words "cellulose acetate" are the correct description of the products of this company. We believe that the problem of proper labeling of goods sold in interstate commerce is within the province of the Federal Trade Commission and we are content to abide by its decisions. We only ask the right to use words which correctly describe products, as granted by the Federal Trade Commission, and that we be permitted to use such terms without such interference as would be attempted as the result of this legislative definition.

In citing the Department of Commerce, the Rayon Institute indicates that the letter of the chief of the textile division, which, is quoted in the institute's brief, leaves no doubt regarding the position of the department with respect to the word "rayon." We desire to point out that in other communications the same officer of the department has indicated plainly that the textile division does not regard the word "rayon" as covering such products as artificial wool, artificial straw, and artificial horsehair. These products are, however, covered in the definition in the act. It is also significant to note that the textile division would apply the word "rayon" to all fibers which may hereafter be produced, but that it does not limit the term to fibers derived from cellulose. On the other hand, the Bureau of the Census of the Department of Commerce applies the term to cover products which are produced in sheets and not in filaments or fibers. The meaning of the word is not uniform throughout the Department of Commerce.

We do not desire to lengthen this memorandum by discussing in detail the various meanings of the word "rayon" in the departments of the Government nor to attempt to explain how these various Government agencies arrived at the different meanings which they have given to this coined word. It is sufficient for the purposes of this brief to inform the committee that as the only domestic manufacturer of cellulose-acetate yarn we have have not been given an opportunity to advise or consult with any officials of any department of the Government concerning the use of the word "rayon" prior to such use. Any information which they have secured from the trade must have come from our competitors. We fail to see how the interests of the Government or of the public may be served by calling any product by a wrong name.

In connection with the attitude of the Department of Commerce on this subject, we desire to quote from a pamphlet entitled "Practical Aids for Domestic Commerce." Published by the Bureau of Foreign and Domestic Commerce, in which the following statement appears:

"Under no circumstances will the bureau undertake to determine the proper definition of a trade term or practice."

#### USE OF TERM IN TRADE

In the next portion of the Rayon Institute's brief, The Trade's Acceptance of "Rayon," the institute offers to submit proof of the acceptance of the term by portions of the trade, but does not offer to prove to the committee that any dyers, cleaners, weavers, knitters, or laundries have adopted the word "rayon" as a generic term. On the other hand, we offer to submit proof, if it is desired by the committee, to show that not only these last-mentioned departments of the textile industry, but also converters, garment manufacturers, selling agents, commission merchants, and retail stores distinguish cellulose acetate from rayon.

The Rayon Institute's second brief states that "in 1924 the Silk Association of America and a group of manufacturers adopted the word 'rayon' to describe products theretofore known commercially as 'artificial silk,' 'fiber silk,' 'imitation silk,' etc." The cellulose acetate products of the Celanese Corporation were not in 1924 or theretofore known commercially as "artificial silk," "fiber silk," "imitation silk," etc. We served notice then of the danger of confusion, and that we would not call our product "rayon." Many who have been advancing the

cause of rayon do not yet understand the technical differences. In fact, the qualities of cellulose acetate yarn were not understood at that time, because we were just commencing to produce the yarn.

With reference to the attitude of the retail trade on the subject, we desire to inform the committee that we are prepared to submit advertisements showing that retail stores throughout the country mention rayon and celanese in the same advertisements in a manner indicating very plainly that the retailers regard them as distinct and different products. Without attempting in any manner to furnish a complete list, we wish to say that if the committee desires we will file copies of advertisements showing such distinctions by stores such as Woodward & Lothrop and Lansburgh & Bro., Washington, D. C.; the Emporium, San Francisco; Stern Bros. and Macy's, New York City; Mark Isaacs Co., New Orleans; Frank's, Fort Wayne, Ind.; Marshall Field & Co. and Sears Roebuck, Chicago; Minns Co., East Chicago; and others.

The statistics cited concerning the names used in retail-store advertisements appear to refute rather than support the contention of the Rayon Institute. It appears from their own statement that of articles advertised by retail stores within the period in which the statistics were gathered, 94 per cent of the synthetic textile products were designated as "rayon." Apparently 6 per cent of the synthetic textiles were designated by other names, and the Rayon Institute estimates that in 1929 the Celanese Corporation of America will produce 4.5 per cent of the total synthetic textile production, as compared to 5 per cent in 1928.

The National Retail Dry Goods Association has repeatedly advocated the use of the word which was coined as a substitute for the misnomer "artificial silk," but it very plainly indicates that the word was intended only as a new designation for the products which had up to 1924 been known by various names which included the word "silk." The cellulose acetate products of the Celanese Corporation would not, of course, be included in the group of products so misnamed for the reason that such products were known as "celanese" and not as "artificial" or any other kind of "silk."

We desire most earnestly to join in the efforts of the retail stores to prevent fraud and deception of the public and it is because of that desire that we believe no encouragement should be given to any mislabeling such as would follow the application of the word "rayon" to cellulose acetate products. The definition in the act would encourage such mislabeling and would to that extent encourage fraud and deception of the public.

The differences in the physical properties of cellulose acetate and rayon fabrics and garments are of such importance to the purchaser that the retail stores can not, with any regard for the principles of good merchandising, dismiss these distinctions as merely differences in manufacturing processes, but must plainly indicate to the purchaser the type of product which is being sold.

#### USE OF "RAYON" IN FOREIGN COUNTRIES

In this portion of the brief there is quoted a heading from a brief filed by the Celanese Corporation with the Ways and Means Committee "The Word 'Rayon' Not Used in Foreign Countries." The Rayon Institute, through its attorney, asks: "Is that an approximately correct statement of fact?" On the authority of American consuls, whose reports are shown in an appendix to the Celanese Corporation brief, pages 6814 and 6815 of Volume XII of the Report of Hearings Before the Ways and Means Committee, we are pleased to answer this question most emphatically in the affirmative. The word "rayon" is not only not in general use in the countries referred to in the brief filed with the Ways and Means Committee, but since that time we have received further information from American consuls in other countries which quite generally indicate that the word is either not known or has not been generally adopted in foreign countries.

The Rayon Institute declined to "go into the matter at any great length." We submit that if the institute makes a serious effort to go into the subject, it will find that the statements made concerning the fact that the word "rayon" is not used in foreign countries will be substantiated.

The only proof offered to persuade the committee that the word "rayon" is used abroad is a bulletin published in the United States by the textile division of the Bureau of Foreign and Domestic Commerce. While this bulletin refers to matters in connection with the synthetic textile industry in several foreign countries, the method of nomenclature employed is not that of each



of the countries but merely the method approved by the chief of the textile division. This division has announced in a letter to the Rayon Institute that it has "consistently endeavored to popularize the term 'rayon'." The extent of this effort has been indicated by the instructions of the division to foreign and district offices requiring such offices to use the word "rayon" in their reports regardless of the words used in the countries from which the reports come. The failure of some of such offices to use the word "rayon" has been made the subject of further instructions from the textile division in which there appears a complaint that because of the use of other terms the textile division has been compelled to rewrite the reports and insert the word "rayon" before publishing it in this country.

The brief of the Rayon Institute, filed on behalf of the Viscose Co., the DuPont Rayon Co., and others appears to attempt to persuade this committee that the word "rayon" is used in foreign countries, but in a brief filed with the Ways and Means Committee these companies represent "the tendency in the trade is to eliminate the terms 'artificial silk,' 'imitation silk,' 'art silk,' etc., but the use of 'artificial silk' in foreign countries, except Courtauld's (Ltd.), in England, which calls this product 'rayon,' is continued. \* \* \*

" \* \* \* However, for the benefit of our customs appraisals, because foreign countries use the term 'artificial silk,' it is advisable in the tariff paragraph to include the word artificial silk."

The Rayon Institute, in the last chapter of its brief, cites a certain bulletin of the Better Business Bureau of New York.

We are pleased to find ourselves in accord with the statement in the bulletin, "The public is entitled to know the basic fiber as well as the trade-mark of a textile."

That is exactly our point.

We respectfully submit that none of the information offered in the brief of the Rayon Institute supports the conclusion which is drawn and that this agency of the viscose group of manufacturers has presented no reasonable argument to persuade the Congress to define the word "rayon" as a generic term including cellulose acetate products.

Respectfully submitted,

CELANESE CORPORATION OF AMERICA,  
MATTHEW H. O'BRIEN, *Attorney.*

Subscribed and sworn to before me this 11th day of July, 1929.

[SEAL.]

SARAH E. MORRIS, *Notary Public.*

#### STATEMENT OF HON. ROYAL S. COPELAND, UNITED STATES SENATOR FROM THE STATE OF NEW YORK

Senator COPELAND. I think Mr. O'Brien has presented the matter I had in mind and I think the committee has been thoroughly informed regarding that. You will see the impropriety of the present arrangement and I trust that in your report you will broaden the definition to take care of this other proposition.

Being a physician, my knowledge of chemistry enables me to state that cellulose and cellulose acetate textile products are totally different in chemical composition. I therefore appear on this schedule to support Mr. O'Brien's position because I believe that it is a matter of great public interest to promote accurate designation of goods.

There is no need of my taking any more time of the committee.

#### STATEMENT OF H. H. SHELTON AND E. K. GLADDING, REPRESENTING THE RAYON INSTITUTE OF AMERICA

(The witnesses were duly sworn by the chairman of the subcommittee.)

Mr. SHELTON. So far as I was able to discern, I do not think Mr. O'Brien brought out anything particularly new in his argument.

It seems to me, gentlemen, that we are dealing with a practical question rather than a technical one. Rayon is produced under four processes, and, as a practical matter—and very briefly I should like to refer to those.

The first is known as the nitro-cellulose process, which is the oldest process now in use. And to make it practical, I will point out who uses the various processes.

The Tubize Artificial Silk Co. is the only employer of this process, and, in 1927, produced approximately 10 per cent of the total production of rayon in this country.

The cuprammonium process is employed by the American Bemberg Corporation. That corporation is the only domestic company using this process at all extensively, and that company produced substantially two to three per cent of the rayon produced.

Then the viscose process is the one largely employed and responsible for something like 80 to 85 per cent of all the rayon produced.

Now we come to the one in question, the cellulose acetate process, employed by the Celanese Corporation of America, of which Mr. O'Brien is counsel. That corporation produces substantially 5 per cent of the rayon produced in this country.

Senator BINGHAM. I thought they did not produce rayon at all?

Mr. SHELTON. Sir?

Senator BINGHAM. I thought they did not produce rayon at all.

Mr. SHELTON. I am stating our contention about the matter. I think they are, with due deference to what he said.

Three large corporations are now going to use that process. The American Chatillon Corporation is building a large plant at Rome, Ga. The Viscose Co. is building an additional plant at Meadville, Pa., and the Du Pont Rayon Co. is erecting an extensive plant at Waynesboro, Va.

Senator BINGHAM. All to manufacture cellulose acetate?

Mr. SHELTON. All to manufacture rayon under the cellulose acetate process.

Senator BINGHAM. You are under oath, and there is no doubt that there is a difference of opinion, so I wish you would confine yourself to the actual proven facts and then prove your case, if you can, and do not assume your case is proven, for you may be taking a little too much for granted.

Mr. SHELTON. I hope I am not. And I am perfectly aware that I am speaking under oath. I base my statement upon information I gathered and information which has been furnished to me by people who know.

Senator BINGHAM. Of course, if there was any doubt about it there would be no need for this clause in the bill.

Mr. SHELTON. I understand that. I merely want to say in that connections that the three manufacturers who are going to adopt the cellulose acetate process have gone on record through the public press that they will call their product rayon.

Senator SACKETT. Suppose more than one were to call it something else; what is the harm?

Mr. SHELTON. None whatever, as I see it. And what objection is there to the Celanese Corporation continuing to use its private registered trade-mark?

Senator SACKETT. What is the harm of putting it into the bill?

Mr. SHELTON. You mean according to the Goldsborough amendment?

Senator SACKETT. Yes, that or some other.

Mr. SHELTON. Simply because I believe it would confuse and confound the consumer, the manufacturer and everybody dealing with it.

Senator SACKETT. If you use the word plainly how can it be confused?

Senator BINGHAM. That is what I do not understand. You say rayon and/or cellulose acetate. How is that confusing?

Mr. SHELTON. You gentlemen patiently sat here all day yesterday and heard practically every branch of this industry speak, and you never heard the words—or at least I did not—“synthetic fibers” and “synthetic yarns” and synthetic this or synthetic that used until this morning; and the trade, the manufacturer, the importer, and everybody uniformly referred to this product as “rayon”.

Senator SACKETT. Why are you so anxious to include somebody that does not want to be included in the term?

Mr. SHELTON. Well, simply because, as I see it, and according to the Bureau of Standards, which is the best authority I know—the Bureau of Standards has examined the four processes and has adopted the word “rayon” as properly descriptive of the product of each process. Now, if that is universally known, Mr. Chairman, as a particular article, I think it will be to the best interests that it be universally known as that.

Senator BINGHAM. But if rayon, the product about which there is no dispute, can not be washed or dyed in a certain manner, as has just been stated under oath, and cellulose acetate is a product which can be washed and treated with certain dyes, why isn't it to the advantage of the consumer to keep those two things separate and not to confuse him by thinking that some day when he buys rayon it is something he can wash but the next day when he buys another kind of rayon it is something that he cannot wash? Why isn't it better to keep the things separate and distinct in the mind of the consumer?

Mr. SHELTON. May I ask Mr. Gladding to answer that question? He knows the difference in the dyeing.

Mr. GLADDING. In the first place, rayon can be washed, that is, what we call rayon—viscose rayon, for example. Any lady will tell you that. Mr. O'Brien had a very special piece of moire which is of very special construction.

Senator SACKETT. I do not see that you have given any reason at all. If somebody wants to call this thing something else he should be allowed to do it.

Senator GEORGE. I have a letter here from the Atlanta Laundries (Inc.), in which they make the plain statement as follows:

Garments made from the acetate process yarns must be dyed with an entirely different class of dyestuffs from garments made from the so-called rayons. Also in cleaning garments made from the cellulose acetate yarns, it is necessary to avoid the use of such solvents as chloroform, alcohol, ether, and so forth, as these solvents will dissolve fabrics made from cellulose acetate yarns, although they are quite efficacious on the rayons.

Is that true?

Mr. GLADDING. Yes, sir.

Senator GEORGE. It is necessary for the trade to know the difference between the acetate—

Mr. GLADDING. Yes, sir.

Senator GEORGE. Why should we not by proper amendment of this definition make that easy rather than difficult?

Mr. GLADDING. That is known by the trade name. That is, these finishers and dyers use methods in accordance with the trade name.

Senator SACKETT. I do not see any reason why if we want to put two names in the tariff we should not do it. You have got your rayon. Now, this is a different product that comes in under the same rates and it ought to be specified and I do not see why it should not be specified. That is, I do not see any reason that you have given at all.

Mr. GLADDING. If you put in as a cellulose acetate, for example?

Senator SACKETT. Yes. Is there any objection to that?

Mr. GLADDING. That is covered in another section.

Senator SACKETT. No. Put it right in together. Any objection to that?

Mr. GLADDING. The cellulose acetate is covered in another place, that is all.

Senator SACKETT. The cellulose acetate waste is covered.

Mr. GLADDING. The cellulose acetate as a material for plastic purposes, is covered.

Senator SACKETT. Suppose it is put right in there?

Mr. GLADDING. We think it would lead to confusion.

Senator SACKETT. It seems to me that it would clarify the subject.

Senator BINGHAM. The present situation leads to confusion.

Mr. GLADDING. Not as long as they stick to trade names.

Senator SACKETT. Have you got anything else you want to offer?

Mr. SHELTON. If the committee please, I want to file my brief as part of the record.

Senator SACKETT. You swear to it as being true?

Mr. SHELTON. It is a part part of my statement; yes sir.

(Mr. Shelton submitted the following brief:)

#### BRIEF OF THE RAYON INSTITUTE OF AMERICA (INC.)

##### *To the Congress of the United States:*

It is not the purpose of this memorandum to discuss or deal with customs duties or tariff rates. Its object will be to fairly and accurately set forth the reasons why the coined word "rayon" should be included in the nomenclature of the forth coming tariff act, paragraph 1213, and to point out the almost universal demand therefor as against the sole objection thereto.

The facts herein contained are respectfully submitted by the Rayon Institute of America, (Inc.), its members being the Viscose Co., Dupont Rayon Co., Industrial Rayon Corporation, American Glanzstoff Corporation, and the Belamose Corporation.

The foregoing manufacturers, in the year 1928, produced more than 80 per cent of all rayon produced in the United States. Of the approximate 110,000,000 pounds of rayon consumed during the same year in this country, manufacturers of at least 84 per cent of that production designated and marketed their products as "rayon," with distinguishing trade names, and it was purchased, accepted and consumed as rayon. The remaining 16 per cent of the total production was marketed under privately owned brand names, but it is believed that a good portion of it was, in fact, purchased and consumed as rayon, or rayon yarns. That belief is based upon the generally accepted fact that "rayon" is the generic term by which practically all of the formerly called "artificial silks," "fiber silks," "synthetic fibers," etc., are designated and described, whether the producer of any one of them would have it so or not.

In the interesting history of the textile industry the last chapter is the entertaining story of rayon. In a study of its evolution and development, its continuous growth, and increasing popularity we find how a crude idea has been converted into a product that meets the modest demands of a practical public and fills the requirements of the most discriminating. It is the third textile in the world production and it has an independent industry of great economic importance in our own country.

Handicapped in its infancy by a misnomer, namely, "artificial" this and that, and undervalued by a commercial public that failed to comprehend its inherent possibilities, rayon was forced to overcome an early prejudice created by its then use in the cheaper fabrics and to establish its true worth by demonstrating its unqualified merit. Manufacturers and producers were not, therefore, unmindful of the difficult task that those early conditions put before them. Admittedly, there were objectionable features and apparent defects that would have to be eliminated. But money was not spared in experimenting to develop methods to perfect the product. Success rapidly followed in the wake of effort and a finished article has been turned out, of which, it is estimated that 130,000,000 pounds will be consumed in this country during the current year. We have every reason to believe that further progress will be continuous with additional effort at improvement and expansion.

The foregoing preliminary statement leads us naturally and logically to the inquiry:

#### WHAT IS RAYON?

As laymen, let us say that it is a coined term now generally used and accepted as describing and designating those yarns and fabrics formerly described and designated as "artificial silk," "substitutes for silk," "synthetic yarns," etc.

The Congress will, no doubt, with the skillful assistance of experts from the Tariff Commission, adopt its own definition of what the term shall mean and include when used in the tariff act of 1929.

However, let us first dissipate an erroneous idea that seems to have a very few followers among those who have not given the matter attention, namely, that rayon is a trade-mark, or trade name, of some particular manufacturer, or group of manufacturers. It is not a trade-mark or trade name of anyone. It can not be either, because, as will be hereinafter shown, it is not registrable either singly or in combination with other words in the Patent Office. It is a generic term, coined for the purpose of describing, and generally accepted and adopted as describing, those products formerly described as "artificial silks," etc. The term is euphonious, easily remembered and understood, and the trade and the public have, since 1924, successfully used it.

Before going into technical definitions adopted by certain branches of the Government, by technical and business associations and organizations, let us briefly look into the—

#### FOUR PROCESSES OF MANUFACTURE

We are dealing here with results; results with which the tariff act must deal—rayon. We are not particularly interested in those technical details common to the four processes of production now used by rayon manufacturers. To incorporate that data here could serve no other purpose than to congest the record. It is pertinent, however, to point out that the basic raw material from which rayon is produced is plant cellulose, either in wood pulp or cotton linters. It is more important to bear in mind that the basic differences among the four different processes relate to the solvents and methods used in the conversion of cellulose to liquid form and not to the spinning of the cellulose fibers. To go further into detail would be irrelevant for our purposes because we are dealing with the finished product—rayon.

(1) The nitro-cellulose process is the oldest process now in use though it is not as extensively employed commercially as some of the newer processes. Cotton linters are the usual base. The Tubize Artificial Silk Co. is the employer of this process, and in 1927 produced approximately 10 per cent of the total production of rayon. In 1928 it produced 9.8 per cent, and in 1929 it is estimated that it will produce 8.5 per cent of the total amount produced. It will be interesting to note that the corporate name of the single user of the nitro-cellulose process carries the words "artificial silk."

(2) The cuprammonium process also employs cotton linters to provide the cellulose base. The American Bemberg Corporation is the only domestic com-

pany using this process at all extensively and that company produced only 1.7 per cent of the total rayon produced in 1927. It is estimated that in 1928 it produced in excess of 2 per cent and that in 1929 it will produce in excess of 3 per cent of the total production.

(3) The viscose process employs both the wood pulp and the cotton linters cellulose base. It is more generally in use than any of the others, the principal users being the Viscose Co. and the Du Pont Rayon Co. Of the total rayon produced in this country in 1927, this process accounted for approximately 85 per cent. It is believed to have held its own in 1928 and that it will retain its popularity in 1929.

(4) The cellulose acetate process is the fourth and last process in commercial use. The cellulose base is usually cotton linters. In 1927 and 1928 the Celanese Corporation of America was the sole rayon producer in this country using this process. In the year 1927 it accounted for 3.8 per cent of the total rayon production. In 1928 it produced about 5 per cent of that total and in 1929 it is estimated that it will produce around 4.5 per cent of the total output.

Others to use the cellulose acetate process: While, as shown above, the Celanese Corporation of America was the sole user of this process in 1927 and 1928, it is pertinent, since that corporation objects to the inclusion of the word "rayon" in the tariff act of 1929, to point out that three other large rayon producers will be using this process during the current year. The American Chatillon Corporation will, within the very near future, complete a large plant at Rome, Ga. The Viscose Co. is now constructing a large additional rayon plant at Meadville, Pa., and the Du Pont Rayon Co. is erecting an extensive plant at Waynesboro, Va. Each of these plants, with facilities for large quantity production will be in operation this year and, at its close, there will be four manufacturers using the cellulose acetate process instead of one, and the three about to adopt that process at their new plants have announced, through the public press, that they will call their products by their right name, "rayon."

#### OFFICIAL RECOGNITION OF THE TERM "RAYON"

The United States Department of Commerce, Bureau of Standards, admittedly a recognized authority in such matters, has published the following definition of rayon:

"Rayon: The generic name of filaments made from various solutions of modified cellulose by pressing or drawing the cellulose solution through an orifice and solidifying it in the form of a filament, or filaments, by means of some precipitating medium."

Then it is added that "there are four basic chemical methods or processes used commercially in making rayon, each producing a product somewhat different from the others." The four processes above discussed are then enumerated and briefly described. Under this definition, each of the four processes produces rayon. (See Bulletin, dated April, 1926, VII-; subject: Rayon—A Brief Description of the Process of Manufacture.)

The foregoing definition has been adopted by no less an authority than the committee on textiles (D-13), American Society for Testing Materials.

The Federal Trade Commission, legally clothed with authority to prevent unfair methods of competition in interstate commerce, after a careful investigation and a study of then existing conditions, and, acting in the public interest as it must act, adopted a resolution on October 31, 1925, in respect of the word "rayon." It follows:

"Whereas a material has been developed, the basis of which is cellulose, which is extensively used in many trades and industries as a substitute for silk, to which the term 'rayon' has been applied; and

"Whereas the said term 'rayon' has been adopted by many different associations of manufacturers as the official and proper designation for artificial silk; and

"Whereas the Federal Trade Commission in many decisions has consistently held that hosiery or other products made of materials which simulate silk but are not the product of the cocoon of the silk worm, should be branded with the words 'Artificial Silk' or other words which correctly describe the materials composing the article branded; and

"Whereas the term 'rayon' has been adopted by the trade and is generally accepted and recognized by the trade and by the public to mean and indicate artificial silk, or a substitute for silks: Therefore be it

**"Resolved, That the Federal Trade Commission hereby recognizes the term 'rayon' as meaning products, the basis and chief ingredient of which is cellulose."**

The foregoing resolution by the commission officially adopted the term "rayon" as accurately and fairly describing a material "the basis of which is cellulose" and to describe which "the term 'rayon' has been adopted by the trade and is generally accepted and recognized by the trade and by the public to mean and indicate artificial silk, or a substitute for silks." The commission, therefore, adopted the term "rayon" as meaning products the basis and chief ingredient of which is cellulose. And it was adopted in the interest of fair dealing, honest labeling, to clarify a situation that needed clarification. The commission was not without experience in the field. "In many decisions" it had "consistently held" that products "made of materials which simulate silk but are not the product of the cocoon of the silk worm, should be branded with the words 'artificial silk' or other words which correctly describe the materials comprising the article branded."

The trade and the public had worked out a solution of the problem by adopting the word "rayon" as describing these articles, "the basis and chief ingredient of which is cellulose." The commission ratified the adaptation. There is nothing ambiguous about the definition contained in the resolution. It is clear, concise, clean cut. It can not be warped, twisted, or distorted into anything else in an effort to capitalize a subsequent statement by the commission on February 1, 1929. In reply to some inquiry "indicating" a misunderstanding, the commission said:

"In order to clarify a misunderstanding which is indicated by the inquiry to exist in the synthetic textile trade, the Federal Trade Commission announces that the intent and effect of the resolution is to make such use of the term 'rayon' permissive but not mandatory."

Does the Celanese Corporation of America deny that the "basis or chief ingredient of" the products that it markets under its trade-mark "Celanese" is cellulose? I have seen no such denial. As a matter of fact, it is cellulose. If so, under the Federal Trade Commission's adoption of the word "rayon" as describing it, it is rayon. The February 1, 1929, explanation does not amend, modify, revise, add to, take from, or weaken its resolution of October 31, 1925. A manufacturer may, of course, call his product what he will so long as he does not mislead. He may call his product "synthetic fibers" if he thinks that a happy term. He may use the words "artificial silk" if he thinks those words have selling possibilities. But, if he does not use "words which correctly describe the materials composing the article branded," the commission will deal with the situation when called to its attention. Whatever he may call it, if the chief ingredient or basis is cellulose, it is rayon under the commission's resolution.

There can be no doubt regarding the position of the Department of Commerce in respect of the word "rayon." In a letter to the Better Business Bureau of New York, dated September 15, 1928, written by the chief of the textile division, the following appears:

"We believe 'rayon' as a generic term is properly applicable to all those synthetically produced fibers formerly known as 'artificial silk,' 'art silk,' 'fiber silk,' etc., irrespective of the process used in their manufacture. This applies not only to such fibers now being manufactured, but also to those having the same or similar general characteristics or properties which might be produced in the future."

Again, Dr. Julius Klein, then director of the Bureau of Foreign and Domestic Commerce, now Assistant Secretary of Commerce, in a letter to the Commissioner of Patents, dated November 30, 1926, asked for the following information:

"I would like to have from you an official letter stating the position adopted by the United States Patent Office with regard to the registrability of the word 'rayon' for textile products and also a citation of any cases in which registration has been denied on the ground that the trade-mark consisted substantially of the word 'rayon.'"

The reply of the Hon. Thomas E. Robertson, Commissioner of Patents, under date of December 14, 1926, is submitted below in full:

"In reply to your letter of November 30, this office is consistently rejecting any application for the registration of 'rayon' as a trade-mark as applied to textiles or textile products, holding that 'rayon' is the generic term of a certain type of material and not a word indicating that the goods originated with any particular manufacturer."

"It might interest you to know that this office recognizes that the public accepts the word 'rayon' as meaning a certain kind of textile, and for that reason it takes the same action with regard to trade-marks, including that word applied to textiles or textile fabrics as it would for trade-marks including 'cotton' and 'wool.'"

It is believed that the importance of this position on the part of that branch of our Government established to protect registrable trade-marks will not be overlooked.

The Washington Times, issue of April 1, 1929, says:

"An exhibit touching the everyday life of practically every woman in the United States has been added to the exhibits of the arts and industries department of the Smithsonian Institute \* \* \* and illustrates the manufacture of rayon by the viscose process."

The foregoing data discloses the uniform position of those branches of our Government whose official duties include the duty to look into and deal with the subject under consideration and to do so in the public interest. Competitive rivalry, business jealousies, do not enter into their deliberations or influence their conclusions. They have studied the matter from the broader viewpoint of the public service and unanimously they have decided in the public's favor by cooperating with that public in its general adoption of the word "rayon" to describe articles formerly known as artificial silk, etc.

#### THE TRADE'S ACCEPTANCE OF RAYON

Cumulative evidence of a documentary nature could be (and will be upon request) submitted in almost unlimited quantities to establish the undeniable fact that the textile industry, including manufacturers, converters, brokers, commission merchants, selling agents, garment manufacturers, etc., have adopted rayon as fully and fairly describing all formerly called artificial yarns, silks, etc. Rayon was coined, dedicated, and accepted to describe them. No confusion exists; no misrepresentation results; no injury is suffered by anyone.

In 1924, the Silk Association of America and a group of manufacturers adopted the word to describe products theretofore known commercially as "artificial silk," "fiber silk," "imitation silk," etc. Rayon is not silk; it is not cotton; it is not wool. It is rayon. Prior designations had proven most unsatisfactory. The coined word met the situation and was quickly accepted by the trade and by the public as fully meeting it. Others soon saw not only the wisdom but the necessity of adopting the newly created designation and promptly fell in line. Among them, for instance: National Association of Cotton Manufacturers, National Association of Hosiery & Underwear Manufacturers, Associated Knit Underwear Manufacturers, United Women's Wear League of America, Better Business Bureaus of New York and many other cities. Trade journals are devoted entirely to it; others devote much space to it, or have departments especially created to deal with it. Newspapers throughout the land have editorially commented upon the new textile by its adopted name—rayon. The universality of the adaptation is no longer a question in any unbiased mind.

#### THE RETAIL TRADE

The National Retail Dry Goods Association, the great distributing medium of department store organization, has, from the beginning in 1924, adopted rayon as correctly defining goods previously defined as "artificial" this or that, or by some private brand name that did not clearly and fairly describe the article or the materials of which it was made. Approval by an organization whose members come in daily contact with the retail purchasing public over the counter can but indicate that confusion and doubt had existed in the public mind both in respect of what was wanted and what was offered for sale. That association is accredited, I believe, with having coined and dedicated the word to the trade and to the public in 1924. The tender was promptly accepted and, since that time, there has been no appreciable confusion in any clear thinking mind in respect of what it means and indicates.

In this connection, I want to refer to the brief of the Rayon Institute of America, filed by Mr. Haff, its vice president, appearing in Volume XII, Schedule 12, page 6796. House hearings, where these interesting facts appear: For a period of 17 days in February, 1929, a survey was made of retail-store



advertising in newspapers published in 10 of our large cities. Advertisements to the number of 2,275 were observed. Articles advertised were referred to in the following percentages:

<b>Natural fibers:</b>	
Silk.....	43.9
Cotton.....	31.3
Wool.....	5.1
<b>Total.....</b>	<b>80.3</b>
<b>Other fibers:</b>	
Rayon.....	18.4
Artificial silk.....	.2
Brand names.....	1.1
<b>Total.....</b>	<b>19.7</b>
<b>Grand total.....</b>	<b>100</b>

This table shows that of the 19.7 per cent of articles mentioned as having been made of other than natural fibers, 64 per cent were mentioned as having been made of rayon.

**USE OF RAYON IN FOREIGN COUNTRIES**

The following statement is made in the report for the Celanese Corporation of America (Vol. XII, p. 6803): "The word 'rayon' not used in foreign countries." Is that an approximately accurate statement of fact? We will not go into the matter at any great length. I have taken up a number of the Department of Commerce, Bureau of Foreign and Domestic Commerce, textile division, dated August 1, 1928, on the general subject of silk and Rayon Developments. Pages 1 and 2 deal with silk. Rayon is not silk. Pages 3, 4, and 5 contain much detailed information under the following captions: Netherlands Rayon Exports and Imports; British Exports of Cotton and Rayon Piece Goods; Production of Rayon in Czechoslovakia, Rumania to Have First Rayon Plant; Amalgamation in Scottish Rayon Industry; Request from Sydney, Australia, for American Lines of Silk, Rayon, and Cotton Piece Goods; Manila Firm Wants Agency for Rayon Embroidery Thread and Rayon Piece Goods. The following trade opportunities are listed:

Country	Article desired	Purchase-agency
Philippine Islands.....	Silk and rayon mill ends.....	Purchase.
Argentina.....	Rayon piece goods.....	Agency.
India.....	do.....	Do.
Australia.....	Rayon mixtures and silk voils.....	Do.
Egypt.....	Rayon and cotton mixtures.....	Do.
Spain.....	Yarn and rayon.....	Do.
Cuba.....	Silk and rayon piece goods.....	Purchase.

There appears in the Women's Wear Daily, April 2, 1929, an article, written from Yokohama, entitled "Rayon Price Pact Coming in Japan." This article explains why eight large manufacturers, or producing companies, are negotiating to fix prices for self protection.

Courtaulds, (Ltd.), and the British Anka Corporation have adopted the word "rayon" in England and I am reliably informed that the British Drapers Guild has recommended the term for universal use in England as applied to synthetic yarns.

Without further comment, the foregoing is offered in rebuttal.

Besides, our tariff laws are written for the protection of our own citizens; not for the convenience of foreigners, or for the benefit of any particular domestic person, corporate or otherwise. I dare say that any foreign country, exporting rayon to this country, would have little, if any, difficulty in readily understanding a tariff act wherein the word "rayon" is defined as the Congress is capable of defining it. To conclude otherwise would be ridiculous.

## BETTER BUSINESS BUREAUS

It is a matter of common knowledge that in a great many of our larger cities, business men of the highest integrity have associated themselves together into what are generally known as better business bureaus. One of the primary purposes of such organizations is to improve business ethics by eliminating questionable methods, or practices; by preventing deception and fraud, and by clearing away confusion in respect of articles of merchandise offered for sale. All of this is done in the interest of fair competition and the purchasing public.

In August, 1928, the Better Business Bureau of New York, affiliated with 42 better business bureaus in the country, issued a bulletin known as Bulletin No. 21, entitled "Important Facts About Rayon." Copy of that bulletin has been filed with the Committee on Ways and Means, and it very clearly and concisely reflects the attitude of better business toward the necessity, in fair dealing, of using the generic term Rayon in describing those fabrics to which the name is almost universally applied. Closing the bulletin with a thought in the public's favor, it is stated:

"The public is entitled to know the basic fiber as well as the trade-mark of a textile. Successful distributors have found that fully accurate descriptions make goods easier to sell and many are adhering to accuracy principles.

"Rayon is an attractive fiber which has much to commend it. Its sale does not require such claims as 'Looks like silk; wears like silk; washes like silk, but is not silk.' Rayon can stand on its own feet without trading upon the good qualities and the established reputation of any other fiber. For years the products made and sold under this distinctive name have grown in favor with the public. The accurate use of this dignified name, with proprietary names designating individual maker's products, will conserve and increase public confidence in this important, man-made textile."

Many better business bureaus in many of the mercantile centers of our country have approved Bulletin No. 21.

## CONCLUSION

Summarizing, we find the word "rayon" coined and dedicated to the trade and the public. We find the trade and the public adopting and accepting it. We find its use approved by every branch of the Government that has dealt with it. We see it used in foreign countries. We hear correct business advocating its universal use in describing the basic fiber as well as the trade-mark of a textile that is offered to the public. If the rest of the country is right, then the Celanese Corporation of America, a relatively small rayon producer, is wrong, and its objection to the inclusion of the word in the tariff act is wholly without merit.

Respectfully submitted.

H. H. SHELTON.

*Attorney for the Rayon Institute of America (Inc.).*

WASHINGTON, D. C., April 27, 1929.

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