

TARIFF ACT OF 1929

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

SEVENTY-FIRST CONGRESS
FIRST SESSION

ON

H. R. 2667

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

VOLUME XIV

SCHEDULE 14
PAPERS AND BOOKS
JUNE 13 AND 14, 1929
(With Supplement)

INDEXED

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1929

COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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SCHEDULE 14.—PAPERS AND BOOKS

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DAVID I. WALSH, Massachusetts.

ELMER THOMAS, Oklahoma.

FOREWORD

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

Dates of hearings and tariff subcommittees

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

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

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

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

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

ISAAC M. STEWART, *Clerk.*

TARIFF ACT OF 1929

SCHEDULE 14—PAPERS AND BOOKS

THURSDAY, JUNE 13, 1929

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

The subcommittee met, pursuant to call, at 2 o'clock p. m., in room 412, Senate Office Building, Senator Charles S. Deneen presiding.

Present: Senators Deneen (chairman), Couzens, Keyes, Walsh, and Thomas.

The CHAIRMAN. We have a quorum of the committee present, and we will hear the first witness.

PAPERS IN GENERAL

STATEMENT OF S. L. WILLSON, HOLYOKE, MASS., REPRESENTING THE AMERICAN WRITING PAPER CO. AND THE AMERICAN PAPER AND PULP ASSOCIATION

Mr. WILLSON. I am president of the American Writing Paper Co.

The CHAIRMAN. To which section of the bill do you address your testimony?

Mr. WILLSON. To the section on writing papers and books.

The CHAIRMAN. To which section of the bill? We will begin with paragraph 1401, Schedule 14, and take the testimony in reference to the paragraphs as the bill is written.

Mr. WILLSON. We go from paragraph 1402 to paragraph 1413.

The CHAIRMAN. You may proceed.

Mr. WILLSON. When the matter of the revision of the tariff arose in 1928, the paper industry of the United States decided to present to the Congress a brief based on facts and to request therein only such changes in rates and classification as were justified by existing conditions. Such a brief was filed with the Committee on Ways and Means on February 13, 1929. It appears in Volume XIII of the hearings on Tariff Readjustment, 1929, Schedule 13.

In the opening statement, Mr. Clark Everest, then the president of the American Paper and Pulp Association, pointed out, at page 6822, that while there were some 74 major items in the paper schedule, the industry asked for an increase in rate with respect to only 21 of those items.

After he had concluded his statement some questions were asked of Mr. Everest by members of the committee. The following questions and answers appearing at the top of page 6824, correctly and lucidly give the attitude of this industry in this very important matter:

Mr. TREADWAY. Is it not the purpose of the paper industry, in view of your statement, which is supplemented by your brief, to carry out the announced purpose of this committee, in not rewriting the tariff law, but bringing it up to date?

Mr. EVEREST. That is the idea. It is a clarification.

Mr. TREADWAY. You are endeavoring, so far as your industry is concerned, to cooperate with that viewpoint?

Mr. EVEREST. Absolutely.

Mr. TREADWAY. I took that to be your position, from your statement.

Mr. EVEREST. There is no attempt to rewrite the whole proposition. It is merely a question of clarification and adjustment to date.

The bill, H. R. 2667, now referred to this committee, includes in schedule 14, papers and books, many of the suggestions contained in our brief above referred to. We are not here to present new matters for your consideration but to renew some of the requests made before the Committee on Ways and Means, both with respect to the clarification of ambiguities in the tariff act of 1922, and for a slight increase in rate as to some items. We stand squarely on the recommendations originally made, those recommendations being based upon a scientific investigation of the facts with respect to domestic and foreign costs. There are 13 paragraphs in Schedule 14, and for the purpose of brevity and clarity I will discuss them paragraph by paragraph.

The CHAIRMAN. We discussed the procedure herein the full committee, and when briefs are filed, which are to be printed, a discussion of a brief or a statement by a witness may be sufficient for this committee, and also a discussion of any changes you desire. I notice in paragraph 1407 we have a note "No change in rate; only a clarification of statement."

Mr. WILLSON. I am coming to the various paragraphs now.

The CHAIRMAN. Very well.

Mr. WILLSON. You will notice from an examination of this paragraph and from the suggested substitute for this paragraph appearing in our brief, at page 6845, that the Committee on Ways and Means adopted the language suggested by the paper industry as clarifying the statutes, but that it did not grant the increase in rate from 10 per cent to 15 per cent as requested by the manufacturers of book paper. The brief submitted by the manufacturers appears on pages 6847 to 6853.

I most respectfully submit that a reading of that brief conclusively establishes not only the necessity for adopting the language suggested, as has been done, but also the necessity of granting the slight increase in rate requested, and I earnestly urge that the rate of duty on book paper be increased from one-fourth of 1 cent per pound and 10 per cent ad valorem, as in the act of 1922, to one-fourth of 1 cent per pound and 15 per cent ad valorem.

Senator WALSH. Have you finished with paragraph 1401?

Mr. WILLSON. Yes, sir.

Senator WALSH. Have you any statistics showing the increase in imports that are competing with your industry in recent years, to justify the increase you ask?

Mr. WILLSON. I have not the statistics here. We can furnish them to you.

Senator WALSH. Has there been an increase in imports?

Mr. WILLSON. They are referred to in the brief.

Senator WALSH. Has there been an increase in imports?

Mr. WILLSON. There has been.

Senator WALSH. Very marked?

Mr. WILLSON. Not very marked.

Senator WALSH. In other words, I suppose, to justify the increased rate you ask for there ought to be some evidence produced showing that there has been an increase in imports which has worked disastrously to the domestic industry?

Mr. WILLSON. Yes, sir.

Senator WALSH. Have you those statistics in your brief?

Mr. WILLSON. We can give you the statistics.

Senator WALSH. That is set forth in your brief? You may proceed. We will get those later.

Mr. WILLSON. As to paragraph 1402, we believe that the changes indicated in the suggested substitutes for this paragraph and paragraph 1413, appearing on pages 6860 and 7125 deserve the utmost consideration. It will be noted that these paragraphs both relate to what is known in the industry as "boards." In framing these suggested substitutes for these paragraphs, it was our thought that it would be more scientific to include all paper boards, whether made by single or multiple processes, in paragraph 1402, leaving in paragraph 1413 the other manufacturers of paper.

We also desire to call your attention to the fact that the following language appearing in the suggested paragraph for 1402, appearing on page 6860, was omitted:

Any of the foregoing pulpboard in which more than 50 per cent 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 cent ad valorem.

We earnestly urge that this language be included in paragraph 1402.

Senator WALSH. Why was that omission, do you know?

Mr. WILLSON. I do not know the reason for that being omitted.

Senator WALSH. Is it in the present law?

Mr. WILLSON. No, it is not.

Senator WALSH. It is simply an omission from the bill as recommended by the Committee on Ways and Means?

Mr. WILLSON. It was omitted from the bill. There is present a witness well qualified to speak upon this subject who will briefly call to your attention that the present duty of 10 per cent is by no means sufficient to give protection to an American commodity costing \$63 per ton to produce in the United States, and which is sold in Finland at a price of around \$42 per ton.

As to paragraph 1403, the only suggested change in this paragraph made by the industry was to increase the duty on manufactures of pulp from 25 per cent to 30 per cent to harmonize with the provision for paper not specially provided for in paragraph 1409. This is fully referred to and covered on page 6870.

As to paragraph 1404, this paragraph relates to light weight and tissue papers. We believe that the original rates of duty asked in

our brief are more than justified by the competitive conditions involving these light weight papers. There was eliminated from this paragraph in line 15 the words "printed or unprinted." These words appeared in H. R. 2667, introduced in the House on May 7. In the act of 1922 the words "white or printed" were included. We urge that the words "plain or printed," or the words "printed or unprinted" be inserted after the words "colored or uncolored" appearing at the end of line 14, otherwise tissue papers which have been printed would carry a lower rate of duty under paragraph 1405 than is provided in paragraph 1404 for the unprinted papers.

There is present a witness who will also present to you the necessity of a change in weight ranges on some of the papers covered by this paragraph, such changes being required to meet manufacturing and market conditions arising since the passage of the act of 1922.

As to paragraph 1405, this paragraph covers a wide variety of fancy and special papers. The original recommendations in our brief are, we submit, fully justified by the conditions of manufacture here and abroad. I desire to especially point out two vitally necessary changes. In line 10, on page 167 of H. R. 2667, immediately following the comma, after the word "known," the following should be inserted:

"Not coated, embossed, printed, or decorated in any manner, or wholly or partly covered with metal or its solutions;" and in line 12, on the same page, the words "not coated, embossed, printed, or decorated in any manner, or wholly or partly covered with metal or its solutions; all the foregoing," should be inserted immediately before the words "3 cents per pound and 15 per centum ad valorem."

The phrase "by whatever name known," has been construed to include these papers even after they have been specially processed and when they are used for far different purposes than the basic undecorated product. For instance, "glassine paper" is a supercalendered grease-proof paper, rendered transparent or partially so, and is commonly used for the wrapping of various articles, for small bags and for wrappers for food products, and also to protect a decorated package by an outer transparent layer. This glassine paper is also decoratively printed and used as a base for the production of art papers, such as fancy envelope linings and many other similar uses.

It seems evident that when a paper is processed, involving additional labor cost, printing, hand decoration or the like, it should be entitled to higher protective duty than when in the plain raw material. The provision which we propose would place these decorative glassine papers in with the same quantities of other decorated papers in this same paragraph.

There is now severe competition under the existing rate for the plain paper, on which no increase in duty is asked, and the proposed statute, as now phrased, would subject the domestic manufacturers of this article to a competition from the decorated papers, if dutiable at the same rate, although such decoration would involve a substantial added cost.

It will be noted that this paragraph also covers what are known as photographic papers. American paper mills, not concerned with the production of other photographic materials, are vitally interested

in securing an adequate duty on basic photographic, blue print, and other similar papers for sensitizing. So far as we know, until the present bill was under consideration, no complaint has ever been made against the rates of duty on these papers. The tariff act of 1922 imposed a rate of 3 cents per pound and 15 per cent ad valorem, and even the tariff act of 1913 provided a duty of 15 per cent, the lowest rate ever imposed upon such papers.

Due to the amazing potentialities of the reproduction market in which the use of blue-print and brown-print papers largely predominate, which papers are made by more than 12 American mills, these manufacturers are vitally concerned with the production of all basic papers going to these industries, and realize the need of an adequate tariff protection on such papers, and all papers for like new processes which are daily being developed.

In the face of this opposition to the present bill, the bill before you has reduced the rate of duty on photographic papers to 3 cents per pound and 15 per cent ad valorem, to 5 per cent on photographic papers, and to 20 per cent on papers of the blue-print type. This reduction is equivalent to a cut of 70 per cent of the present duty on photographic papers, and nearly 50 per cent on the common grade of blue-print papers.

This reduction is somewhat surprising in view of the fact that as far as photographic papers are concerned, it is a reduction to 5 per cent, whereas in the brief of the domestic companies asked for a duty of 20 per cent.

We request that the original rate of 3 cents per pound and 15 per cent ad valorem be restored to our original brief. If not, this being the same rate that has been in effect since the passage of not over 5 per cent of the tariff act of 1897, 1909, and 1922.

Senator WALKER. Has that reduction been brought about by the insertion of that kind of paper in that paragraph, or is it deliberately cut from the present bill?

Mr. WILLSON. Apparently it is deliberately cut out. They both come in under the same rate, 3 cents per pound and 15 per cent ad valorem, and the differentiation is made now between one grade of photographic paper and the other.

As to paragraph 1406, this paragraph relates to some decalcomanias, valentines, greeting cards, and lithographed articles. The manufacturers of these products are separately represented and we did not include in our brief before the Committee on Ways and Means any recommendations or suggestions with respect to it, nor do we do so at this time, except to say that we concur most heartily in the recommendations and suggestions made by the domestic manufacturers.

As to paragraph 1407, this paragraph, as you will note, relates to writing paper and other high-grade papers. Our presentation with respect to it appears on page 5005 and our suggested substitute on page 7013. The Committee on Ways and Means adopted our suggestion with respect to papeteries, except as to rate. The rate fixed in H. R. 2667, page 171, line 21, is 40 per cent ad valorem. The rate requested by this industry (see page 7013) was 50 per cent ad valorem. We believe that the requested rate of 50 per cent ad valorem is fully justified by the facts. Please note the brief of the

papeterie manufacturers appearing on pages 7023 and 7024, and the presentation made by E. N. White, on pages 7017 and 7018. Almost numberless examples might be produced to show that the rate of 40 per cent is not sufficient to balance the foreign and domestic costs.

The vast bulk of the importations of papeteries are fancy papers sold in "luxury" packages and the purchaser is urged to take the "imported" article. This appeal has resulted in a most material reduction in the sales of American writing paper for social correspondence, and it was stated, at page 7018, that the papeterie sales, for the 10 companies reported, have gone down from an estimated full production of \$15,000,000 per year to about \$10,000,000 for this type of paper. The domestic papeterie manufacturers use large quantities of domestic-made writing paper; they are, in fact, converters. The increasing quantities of the importations of papeteries are having a very serious effect upon this important group in the paper industry. The rate of 50 per cent ad valorem, we submit, is fully justified.

Paragraph 1408 relates to envelopes. We did not make any recommendations with respect to that paragraph. It remains in H. R. 2667 exactly as it appears in the act of 1922.

Among other items, paragraph 1409 relates to wall paper. The facts with respect to that particular item will be presented by a witness well qualified to speak for that group. We wish to renew our requests with respect to this paragraph contained in our original brief.

Paragraph 1410 relates to books, and so forth. Paragraph 1411 relates to albums.

Paragraph 1412 relates to playing cards. We did not make any recommendations or suggestions with respect to these three paragraphs.

Paragraph 1413, as I have heretofore pointed out in my statement under paragraph 1402, relates to boards. We believe that, as now set forth, there is some confusion with respect to paragraphs 1402 and 1413, and we ask that our suggested substitutes for these paragraphs be adopted rather than those now appearing in H. R. 2667. Our suggestions with respect to paragraph 1413 were solely for the purpose of clarification. No increase in rates was asked.

May I again repeat the statement made by me at the opening, that the American paper industry is seeking for a clarification of the paper schedule and for only such increases in rates as will harmonize the difference between foreign and domestic costs. Many of the domestic groups have little or no export business, being entirely unable to compete in foreign markets with the foreign manufacturers. They are trying to hold their own market and this they believe they can do if they are permitted to meet the imported article at seaboard on an even basis.

It is a fact that some of the German mills, despite the handicaps of war-reparations payments, are now paying dividends of 10 per cent and upward. Few American mills are able to show earnings even approximating such a figure. It is not the intent and purpose of this industry to seek from the Congress either classification or rates which will absolutely prevent the importation of competitive products nor to ask protection where no protection is

needed. We believe that American salesmanship is able to meet the foreign competition if the domestic mills are given a protection sufficient to enable them to sell their products on an even basis with the imported article.

In conclusion I desire to respectfully call your attention to the table appearing upon page 1901 of the Congressional Record of May 24, 1929, this table having been furnished by the United States Tariff Commission. It will be noted that there is here set forth the percentages of increase and decrease between the tariff act of 1922 and H. R. 2667. An examination of this table discloses that the percentage of increase between the act of 1922 and the bill now before you, accorded to the paper industry, is 1.69. (See Schedule 14.) That with the exception of Schedule 13, rayon, there are only three other schedules, i. e., Schedule 1, chemicals, Schedule 9, cotton, and Schedule 10, flax, jutes, and so forth, where the increases are less than that accorded to the paper industry.

These figures conclusively support the statement made by Mr. Everest before the Ways and Means Committee and now repeated by me to you, that the paper industry has not sought, and has not received, any substantial increases in rates. An increase of 1.69 per cent over the rates granted seven years ago can not be considered out of proportion in view of the very marked changes and development in this industry during those three years. And may I further call to your attention that in making its computations the Tariff Commission included 12 increases granted in paragraph 1406 relating to lithographic articles?

As a matter of fact, H. R. 2667 contains but nine slight advances in rates on those products produced by this industry, and six reductions, this in face of the new developments occurring since 1922 and the ever-growing foreign competition.

This table we submit supports the position taken by this industry before the Congress at this time and warrants the few minor changes which I have just suggested.

It will be noted that in the paragraphs suggested by this industry we have used words, phrases, and clauses not heretofore appearing in tariff acts. All of these have been used advisedly and with a view of clarifying the act for administrative purposes and also with a view of harmonizing the statute with the decisions of the customs courts. If we may have the opportunity of doing so, we will file with you at a later date a short memorandum setting forth our reasons for using these words, phrases, and clauses, and also explaining their meaning, purposes, and effect.

Senator WALSH. How is the paper industry organized?

Mr. WILLSON. There is the American Paper and Pulp Association.

Senator WALSH. With how many members?

Mr. WILLSON. About 350 or 400.

Senator WALSH. The statement you have made, or the brief you have presented, represents the views of that entire organization?

Mr. WILLSON. Yes, sir; that represents the views of the organization.

Senator WALSH. You are connected with the American Writing Paper Co.?

Mr. WILLSON. Yes; I am also president of the American Paper and Pulp Association.

Senator WALSH. How many plants has the American Writing Paper Co.?

Mr. WILLSON. We have 16 at present. We did have 26 until two years ago.

Senator WALSH. Are all the paper manufacturers included in this association for which you speak?

Mr. WILLSON. Not all in the country; no, sir; but I would say that the larger percentage is represented.

Senator THOMAS. I have not had any chance to read your brief, but I listened to your statement, and I have gotten the impression that you are asking for increases and no decreases in existing rates; is that correct?

Mr. WILLSON. Practically; yes, sir.

Senator THOMAS. Paragraph 1402 provides for a duty on wall board and pulp board, and also paragraph 1413. I would like to have some information about those two sections. Is it true that under this bill the duty on pulp board that is the base of wall board is increased from 5 per cent to 10 per cent?

Mr. WILLSON. That is so; yes, sir.

Senator THOMAS. Why does the paper industry request general increases in rates? Is the industry in such a condition that it needs such increases?

Mr. WILLSON. The paper industry is in an extremely competitive condition, I should say. There is overequipment in the industry, about 20 or 25 per cent, and under those conditions prices are very low and it has become very difficult and is getting more difficult for us to compete with the foreign competition.

Senator THOMAS. From whence comes your competition, from Canada and Finland?

Mr. WILLSON. From Finland principally, and from Sweden and France, nearly all the continental countries.

I would like to submit to the committee this book which gives you samples of the various kinds of paper referred to in the schedules. The references are made to the schedules according to numbers.

I have here also a group brief by the different parts of our industry, but this is not for printing, because you have them all in the briefs submitted to the Committee on Ways and Means, but in those hearings they are scattered all through the hearings. Here we have them in condensed form, and they are for the convenience of the committee.

The CHAIRMAN. How many have you there?

Mr. WILLSON. We can give you as many as you desire.

The CHAIRMAN. I think you should supply each member of the subcommittee with them and also give them to the clerk of the general committee.

Mr. WILLSON. Yes, sir; I will be glad to do that.

Senator WALSH. What is the condition of the industry now as to employment?

Mr. WILLSON. My statement—

Senator WALSH. Are you running in normal capacity?

Mr. WILLSON. No, sir; the mills all over the country, I would say, are running on an average of 80 per cent; not over that.

Senator WALSH. How long has that condition existed?

Mr. WILLSON. For the last two or three years; over quite a period.

STATEMENT OF MATTHEW WOLL, WASHINGTON, D. C., REPRESENTING THE AMERICAN WAGE EARNERS' PROTECTIVE CONFERENCE

Mr. WOLL. I am speaking to-day in behalf of the printing-trade unions. That takes in the International Typographical Union, the International Printing Pressmen and Assistants' Union, the International Stereotypers and Electrotypers Union, the International Brotherhood of Bookbinders, the International Photo-engravers Union, and the Lithographers Union. A representation from the lithographers' union will also address the committee on its specific subject. I likewise represent the American Wage Earners' Protective Conference.

Senator DENEEN. Do you address yourself at the same time to any particular paragraph or schedule?

Mr. WOLL. Several subjects. Unfortunately, the subject of importation of printed matter embraces subjects which are not specific, before your committee, yet reference must be made to them in order to have a true conception of the factors involved in the printing industry, because in the printing industry, as you well know, we have three different processes of printing. We have what is known as the plate process of printing—lithography, in which there is no etching of any kind by corroding of metals, using the stone; it is purely damping process. We have what is known as the etch-line process, which takes in steel and copperplate engravings and photo and plate gravure, and what is known as the relief method of printing, which, of course, is the most commonly used.

All of these methods involve intricate workmanship and highly skilled workmanship in their preparation in both the work of lithography and photo-engraving and gravure, making the cup; and then the process takes in other skilled branches until finally the printing plate is made. When the printing plate is itself set up with the composition type being set by the members of the typographical union, then locked in form and placed on the press and run off in the various processes, gravure process, lithographic process, or the relief process, then those sheets are bound to book form. So that all these processes are involved in the matter of printing.

I appear specifically before your committee on the question of the duty on printing. If we look first to the imports relating to printing, we find that since 1922 up to last year, in books bound and unbound, sheets, pamphlets, music, and printed matter the increase has been from 25 to 35 per cent. If we look to all other forms of books not specified, the increase from 1922 to 1928 has been 1,000 per cent. If we look to blank books, plate books, engravings, photographs, maps, and so forth, we find that the increase in importations is 600 per cent. If we look to book binding, either in whole or in part of leather, the increase is 150 per cent. I might go on to the various schedules and show the constant increase in importations of printed matter from 1922 up to the present time.

Why are these enlarged importations needed? They are needed because the labor cost involved, the printing labor cost, is one of the essential elements of cost. In America we find that is from two to five times higher than in the European countries. We ask for a duty that will be commensurate with the higher cost involved in America as compared with that prevailing in Europe. We feel that the duty ought to be increased 100 per cent if not more because the wage cost involved is two to five times higher than in England, Germany, France, or any other country.

Senator COUZENS. Yesterday you said the difference was 40 per cent of the American wage. What do you mean by saying five times now?

Mr. WOLL. I am speaking of the printing trades. I am speaking of competition with England, Germany, and France, and with any other country, and, of course, the wage standards in those countries are higher than in Czechoslovakia and higher than Asiatic countries. We have very little competition from those countries. Our competition comes in the main from England, Germany, and France.

Senator COUZENS. You do not mean us to understand that wages in this country are two to five times as much as in those countries?

Mr. WOLL. I am saying wages in this country are two to five times higher in this country as in Germany, England, and France.

Senator DENEEN. Only in printing?

Mr. WOLL. Only in printing; not wages in general.

Senator DENEEN. In the printing wages; but the others are much lower than the general average.

Mr. WOLL. Yes. I have not the exact figures. Take, for instance, in Great Britain the bookbinder receives less than \$20 a week. In the United States he receives over \$40 a week, not taking into consideration the hours. I hesitated to give these figures because of the statement made yesterday that the Labor Department is issuing its latest statement on foreign wages and hopes to give these figures. As to compositors in Great Britain they get \$20 a week for 48 hours, in Germany \$12, in France \$10, in Belgium \$10, and in Czechoslovakia \$8, while in the United States they get over \$50 a week.

So you see how the wage scales run. On the linotype machine the operators in Great Britain get \$24 for a 48-hour week, in Germany \$12, France \$15, Belgium \$10, Czechoslovakia \$10, while in the United States they receive over \$55 a week on a 44-hour basis. I hesitated to bring these figures in because of the statement made yesterday about giving the actual figures.

The figures alone do not tell the entire story, because, as indicated before in the printed matter, one can not alone take wage conditions as to any particular craft. For instance, I have with me here some sheets that have been imported, and I will indicate to you how they are brought in. They are black and white engravings. They do not take any colors but they require three or four plates and three or four pressings. This, of course, happens to be a photograph duty. There is very little art work involved in many of these catalogues, and many of the books sent in are made from drawings and paintings involving originally art work. In this particular illustration [indicating] it would not involve any art work but involves a photographic copy made of a photograving.

The quality comes in the question of the cost of the engraving itself. Then there is the setting up in type and everything else involved, so that the cost of the printed matter as a whole can not be truthfully expressed or comprehended in a mere statement of wage costs, because so many elements enter into the entire amount of printing.

Senator DENEEN. Identify that so that we will know the book. Have it marked an exhibit.

Mr. WOLL. So that you see there is a great difference as to the cost of production of printed matter abroad as compared with the cost of printed matter here. I dare say that in America we have the same protection as the printing industry because time is an element in the printing. But wherever the question of time is not an element competition is keen and extremely dangerous.

Senator COUZENS. Do I understand that because of the lower comparative production cost in these foreign countries that material produced in this country, literature, and so forth, is sent over there to be printed and brought back because time is not an element?

Mr. WOLL. Yes; particularly in book publishing. Of course, if you take magazines publishing work it is very impossible to have that printed there and sent here because there time is an element. The copy must go to press at a certain time in order that delivery may be made, as there is a periodical time set for it.

Senator COUZENS. Have you any statistics prepared to show what material is sent from this country to Europe to be printed because of the lower wage conditions and lower production costs?

Mr. WOLL. I have tried to indicate the enlarged importations. We do know that because in our pressrooms constantly and in our binding rooms we find these sheets coming in from abroad. That matter is printed in sheet form and I might just give another point that is not before your committee, however. These books are printed in this form here in sheets. They are sent over in flat sheet form like this or they are folded up in this form here for binding purposes. They come in this way. If they come in flat sheet form, they are folded then by the American worker and bound. If they come in the sheet form, then they are sent to the bindery to be cut and bound and that is how we note the constant increase of printed matter because that must necessarily go through the hands of some branch of the printing industry. In other words, if these engravings are made in England, if the type is set in England, if the sheet is printed in England and sent over in flat form or folded it must be set to the bindery to be trimmed and bound and so, of course, we have knowledge of what is going on in that direction. We have not made any attempt to collect all of the different jobs that have come in in that way because that is a tremendous task and then too, of course, a great deal of it comes into nonunion offices where we would not have the opportunity. A great deal of that comes in for engravings as you will note from the importations.

There is one remarkable thing in connection with that. I am a photoengraver by trade and have represented that organization for 23 years and its international president. We find that many employers are going over there, as advertisers and others, making visits abroad and while there they engage artists and have copies made of engravings have them printed and sent over here in sheet

form. Sometimes they do not have them printed abroad but have their engravings made abroad. They do not send over original plates, but they make electrotypes and they come in as old metal. The ends are stubbed off. It is a simple matter to fix them up and back them here and use them as perfect plates. The cost of engravings is quite an item particularly when you get to the question of reproducing and binding where there are thousands of different tonal plates, art work, and photogravure, but you get unfair competition in every other related printing industry. The whole subject is intricate.

The difficulty with the ad valorem is that whether we increase the rates or not the real value is hard to ascertain because the cost of the printing involved is complicated. If a man prints a book of 500 copies, the production cost per unit is extremely high; if he orders 5,000, it is then merely a matter of the press run, and the cost per unit is less; if he runs 5,000,000, it will be still less. It is hard to tell what the real value of the book is on the printed sheet and there is no way of checking up because one can not tell whether 500, 5,000, or 5,000,000 sheets have been run. As between 500 and 5,000,000 that is ascertainable, but I might run between five and twenty-five thousand and it would be difficult to say.

Senator COUZENS. Are the rates on the basis of ad valorem or specific?

Mr. WOLL. Based on ad valorem rates. Here is one peculiar thing: When we look at the duty on raw paper it is a pity that with the finished product, with all its engravings and compositions and presswork we find a very astonishing thing. When we come to the schedule on book paper we find there the rate is practically 15 per cent ad valorem. Of course, the labor cost added to that will be embraced in the duty on printed sheets. Yet with the wage rate much lower America can make the entire product cheaper. All printed matter is not done on book paper. A great deal of it comes on a higher grade of paper, supercoated surface paper, which runs as high as 40 per cent ad valorem simply on the raw product itself and when you put printing on it that is required in photo-engraving you will find in this instance that photo-engraving is not printed on book paper but on photo stock that costs 40 per cent to send over raw, 40 per cent ad valorem, and the printing on it comes in at 15 per cent, so that really with that kind of printed matter, photo-engraved or lithograph surface work, unfortunately you can import that cheaper than you can raw material with no protection for the wage scale and the labor involved.

Senator DENEEN. What suggestion do you make with reference to the paragraph to which you are directing your attention?

Mr. WOLL. We feel, at least we ought to get the question of duty fixed. I am not prepared to say at this particular moment what could be done with respect to the various papers because there ought to be some provision made. I did not have time to prepare myself sufficiently on that detail but I will be glad to file a brief on that.

Senator DENEEN. You have given this illustration between publishing or printing 500, 5,000, or 25,000. What is your idea about that?

Mr. WOLL. I am not expert in estimating the cost of printing, because my branch has been photo-engraving, but the great cost in printing is the original set-up, the composition, engraving, bringing it on the press, making ready, and once the press is started the element of time is the number of sheets to be run; and the paper used is the additional cost, which is comparatively small when taken with the original cost.

Senator COUZENS. When you are preparing that brief will you have facilities for suggesting the rates as compared with United States and foreign?

Mr. WOLL. I will be very glad to do that. I realize it is a highly technical proposition and I am frank to say I shall want to have advice in preparing the matter.

Senator DENEEN. And the supporting statement.

Mr. WOLL. Yes. So I have been dealing with the general printed matter. We have also a request to make and that is in paragraph 1520-A, the words, "publications by individuals of gratuitous private circulars" to be removed from the free list.

That means this, that if an American wants to go over there and wants to get out a special edition of a gratuitous circular, he goes abroad and it is not printed in this form, art work, engraving, lithographing, printing, the presswork done; and he can bring that over without duty.

We feel there ought to be some duty on that because if an American is to give out something that is a gratuitous circular to advertise to the public and wants to go abroad to have it done he should be permitted to have it done but not to destroy the American wage earner. So we ask for a change in that section.

We also ask for a change in paragraph 1529, "books or pamphlets printed in language other than English." We ask to have that stricken out. First of all it is an extremely difficult section to enforce, because the question always arises is the particular text or printed matter that comes before us printed to such a degree in the foreign language as to come within the provisions of the free list. Then too we have the foreign workers here. We have the foreign typographic men of every language and we feel they ought to be protected as long as they are within our borders, given an opportunity to stay on their job and do their printed matter, and we feel that section ought to be eliminated under schedule on printing.

In addition to that we are asking that Bibles be removed from the free list. We realize we are touching rather a sensitive subject in which the churches are interested but we find that after all Bible importations are on a commercial basis. It has the element of profit making that makes for importation of Bibles, and we do not feel that the church that is being sustained by the American wage earners ought to be given a special advantage in the cost of printing, because the American wage earner supports in the main the church, and the church ought to maintain likewise the American wage earners.

Senator COUZENS. Have you any statistics on the importation of Bibles?

Mr. WOLL. Yes; we have. When Bibles were put on the free list, in 1925, there were 4,000,000, in 1927, 7,000,000, in 1925, foreign

languages, 1,000,000, in 1927, 1,500,000 Bibles. In 1923, in Schedule 1, there were imported 400,000 Bibles, in 1925 600,000 Bibles were imported, in 1927 1,500,000 copies of the Bible were imported.

We know those Bibles were brought here on a purely commercial basis. We think the manufacturing concerns that bring them in make their profit in selling to the people. We feel they ought not to be on the free list. They ought to be dutiable just the same as any other printed matter.

When I say that we are interested I will leave this with the committee as an exhibit, and might I say with reference to printing, if the committee is to recommend an increase in hides, it should go into the printing, an increase in binding, unless you presume a compensatory increase involved, but in your recommendation in hides we would want that for printing in the way of binding increased the same amount.

We are interested from another point of view in providing adequate protection of printed matter, and this is not a selfish point of view. To-day we have some protection, although the protection has been almost entirely destroyed by the provision in the copyright law relating to manufacture of any American copyright by American labor, copy to be filed with the librarian to secure the copyright. That law requires that all work that goes into the copy filed must be produced by labor in America. Recently publishers have been able to obviate or remove that restriction, but quite aside from that the printing trades have been importuned by the Authors League of America that we might agree with them on a waiver of this restriction in order to permit America to enter the International Copyright League so that immediately copyright is secured in America it would be applied automatically to every nation within the conference, and likewise if someone in England secured a copyright it would immediately apply here.

The difficulty of America entering into that conference is found in that section in the copyright law relating to manufacture by American labor. We have been willing to eliminate that section from the copyright act but in so doing we must protect ourselves against the publishers. We have been willing to agree with the American authors in the modification of the existing copyright act conditioned, however, upon being secured as we are now protected to a degree in the matter of copyright of printing. Personally I feel that the only adequate way of protection is with our tariff legislation rather than the restriction in the copyright act based on production and yet the printing trades can not agree to the elimination of that section unless we are sure of counterprotection to tariff legislation, and if that protection is accorded we can then agree to modification of the copyright act so that American authors will have that greater opportunity of protection of their literary work that they do not now possess in the difficulties they are confronted with. We know a great number of book publishers who give out their printing in the form they find it the cheapest to produce. We find a number send over and have the work done in England and import the shells, the cheapest type plates and forms, and others go and have it brought over in sheet form. Others take an engraving and send the engraving over, sending the binding over to have the place

where it has been printed here shown, and so we have an intricate system of interchange in the matter, and we feel that every schedule of the printing, every part of the printing, should be protected. They strip the matrix from which the duplications may be made or any part entering into the printing trade, and all the material ought to be fully protected so that no publisher who knows the detail of printing in America may use one method or another to destroy the effectiveness of the protection intended, and likewise with Bibles on the free list we believe they should be on the dutiable list.

Just a word about one difficulty which is to-day in the law, the marking question with regard to any printed matter, the place where the printed matter has been done must be declared on the printing sheet. You can readily see if I were to import these sheets it would be easy for me somewhere here at the margin of a sheet to say printed in Belgium, Germany or France, and then send that down to the binding room when this sheet is being folded and cut and that will be cut off and there is no evidence whatever to indicate where it has been printed and the marking law effectiveness has been destroyed. We have had that exposed.

The Knights of Columbus ordered a large number of little prayer books for its members. I think they placed on them, "Printed in New York." A Jewish concern printed them in Belgium and they came over fully bound. How did they meet the situation of the marking law? The last page presumed to display or show the place of printing was a perforated page, and immediately upon their arrival in New York City, in the hands of the importer, those pages were torn out and no evidence of where they were being printed was on the book, and not in any way was the book marred or destroyed. That gives you an indication of the difficulty we find in the printing industry with reference to importations, and it is constantly increasing and becoming more severe. We ask, therefore, that these matters be taken into consideration in your recommendation of whatever you are to recommend for the American printing trade.

Senator WALSH. Are there not certain books that it is almost necessary to have printed abroad, printed in foreign languages?

Mr. WOLL. I do not think so; and even so, there is no reason why the duty ought not to be paid; and I think the amount of Bibles reproduced is comparatively small.

Senator WALSH. I had in mind ecclesiastical books that must be composed of Latin. Can they be printed as well in this country?

Mr. WOLL. No question about it. Latin books and Jewish books and Spanish books and French books are being printed here, all kinds of books. Of course, with the provision to do this destroyed, the foreign printing element here can not stay but goes down more and more, depending on European countries for this language printing material, because they are driving these workers into other trades.

Senator THOMAS. What is your official position with the American Federation of Labor?

Mr. WOLL. I am vice president of the American Federation of Labor.

Senator THOMAS. Your appearance here to-day is as vice president of the American Federation of Labor?

Mr. WOLL. I am appearing here in behalf of the printing-trades unions.

Senator THOMAS. Do you give us to understand that is in behalf of the employees in the trade?

Mr. WOLL. In behalf of the employees and the employees alone because we find in the printing industry the same division that exists in all other trades. We find the bookbinder who has become a book publisher, and in binding the books that come in in sheet form, he has his contracts and works with the printer that will favor the publisher for any work the printer can get, and if they are importing a great deal of their work they will not raise objection for fear their contracts will be interfered with. I am appearing here for the printing-trade workers.

Since you ask if I am also an officer of the American Federation of Labor, I think that ought to be very clear to everyone, that the American Federation of Labor itself has not taken any definite position either for a protective tariff, free trade, or anything of that character. In other words, as a federation it has not assumed a position other than it wishes protection, supplemented with the declaration that if any national or international union affiliated with it desires aid in the matter of protecting legislation, the American Federation of Labor is in honor bound to give support to it, and the printing trade as well as all affiliated with the American Wage Earners' Protective Conference, cooperating with them, have the assurance and support of the American Federation of Labor in their claim for protection.

Senator THOMAS. The reason I ask the question is that you are listed in our calendar as representing the American Wage Earners' Protective Conference.

Mr. WOLL. Yes.

Senator THOMAS. And I was wondering whether you appeared as representative of that organization or as a representative of the American Federation of Labor.

Mr. WOLL. I appear here as a representative of the printing trades unions, of the American Wage Earners' Conference with the support of the American Federation of Labor.

Senator THOMAS. Explain to the committee how the men who work in your trade could be interested in the tariff on Bibles.

Mr. WOLL. How we could be interested in Bibles?

Senator THOMAS. Yes.

Mr. WOLL. Because it involves printing and setting up of type, presswork, and binding, in all of which our men are employed.

Senator THOMAS. In other words, if a tariff was placed on Bibles it would cause more Bibles to be printed in this country?

Mr. WOLL. Yes, we think it will because to-day there is no incentive for any publisher to undertake the printing of Bibles.

Senator THOMAS. Is the American Federation of Labor in favor of a tariff on Bibles?

Mr. WOLL. The American Federation of Labor has participated in everything. I have not heard any objection by them.

Senator THOMAS. What per cent of duty would you recommend be placed on Bibles?

Mr. WOLL. At the moment I would rather not answer, but I will be glad to give that in the brief. To be frank with you I would not be in position at this moment to say what that ought to be.

Senator THOMAS. Would you favor an embargo on Bibles?

Mr. WOLL. No; I do not favor an embargo on anything.

Senator THOMAS. If a tariff was placed on Bibles, it would raise the price of Bibles.

Mr. WOLL. An embargo would make them prohibitive from having any; and such is not our attitude. We only ask fair protection, not to exclude competition from abroad.

Senator THOMAS. Your testimony is to the effect that the American wage earners are now receiving two to five times the wages paid in foreign countries?

Mr. WOLL. We believe the protective tariff ought to be enough to cause the wages to be equalized somewhat in competition.

Senator THOMAS. Is it your contention that in the event the Hawley bill should become a law that other things or commodities that labor has to purchase, such as food, housing, and clothing, will be raised to such a figure that you feel compelled to ask for additional protection for the people who really do the work?

Mr. WOLL. I feel if the Hawley bill is enacted into law, that if it does not give us the protection we seek in the printing trades, that the bill is justified in schedule and whatever it means in the cost of living we ought to submit to it and accept it to protect the American market from invasion of the foreign market.

Senator THOMAS. If this bill becomes law, it will raise the tariff on meat, for example?

Mr. WOLL. Yes.

Senator THOMAS. It raises the tariff on butter?

Mr. WOLL. Yes.

Senator THOMAS. On milk?

Mr. WOLL. Yes.

Senator THOMAS. Those are the fundamentals of diet. It also raises the tariff on wool and on cotton cloth. It raises the tariff on building materials, brick, cement, and wall board. Those are things which labor specially is interested in.

Mr. WOLL. Yes.

Senator THOMAS. If those things are increased in price to the laboring men, does it not naturally follow that he must protect himself by asking for protection in either the limitation of things that compete with his product or in increasing the wage per hour or per piece?

Mr. WOLL. Of course, if you speak purely from the comparative standpoint, one industry compared to another; yes; but let me answer that situation as a whole. Supposing in the schedules you have mentioned the duty provided in the Hawley bill would increase the cost to the general public. If they are well founded, and I am not versed with the agricultural field or the methods by which the committee has arrived at its figures, but if they are well founded, although they mean an increase in the cost of living, I think it is far better that the American people meet that increased cost of living and safeguard the American market than it is to keep a lower cost

of living and destroy employment of more men, for after all, fundamentally and economically it is a matter of production to keep people employed that determines the welfare and the happiness of the people rather than merely the cheaper cost of production and distribution and the cost of living, if that is supplied from outside markets.

Senator THOMAS. The force of your testimony before the full committee and this subcommittee is to the effect as follows, that when one class receives added protection it necessarily increases the price of products which they produce, and it forces the other class to go into the same tribunal to ask protection to enable them to meet competition and live.

Mr. WOLL. It all depends on the question of foreign competition and what the industry has been meeting. You can say here is the printing industry and the schedule should be raised, and, therefore, some other industry not affected by foreign invasion ought to receive corresponding protection. That is not true. If confronted with foreign invasion it should receive protection to place it on a par with other occupations and industries.

Senator THOMAS. Would you not be satisfied to see this bill so framed as to keep off foreign markets from marketing their surplus products, which would in effect give you the full benefit of the American market exclusively?

Mr. WOLL. I made it clear yesterday that we realized the importance of competing foreign markets and keep in mind the importance of foreign markets because capital investments are being made abroad, American capital and the manufacturer are setting up plants abroad to compete with foreign markets, with the possible danger already realized in some instances of shutting down their American plants and supplying the American market.

Senator THOMAS. You heard the testimony of Mr. Cale.

Mr. WOLL. I did not.

Senator THOMAS. He testified that his company had a plant that made beaver board in Canada, imported into this country and made into wall board used for building purposes, and the tariff was proposed to be raised from 5 to 10 per cent on this paper board and because of that raise his company will be penalized. Would your policy and your principles favor the raising of these tariffs to such an extent?

Mr. WOLL. I think his industry ought to be protected; yes.

Senator THOMAS. Do you think that Mr. Cale ought to be protected for the mill he owns across in Canada?

Mr. WOLL. I think paper pulp ought to be protected here, and any finished product made from the pulp.

Senator THOMAS. I want to get your reaction. You said to the committee yesterday and to-day that you wanted Americans to have the full benefits of the American markets?

Mr. WOLL. Yes.

Senator THOMAS. That led me to believe that you are opposed to the policy of American capital going abroad and building factories and importing their products into America in competition with products you made.

Mr. WOLL. I certainly am opposed to that. Why should American capital establish itself, establish its factories abroad, employ foreign labor, and then supply the American market and throw out of employment American wage earners? In that case we feel the need of protection.

Senator THOMAS. On that proposition I will state that American capital controls a very large per cent of the sugar produced in Cuba.

Mr. WOLL. Yes.

Senator THOMAS. What would be your reaction to that proposition?

Mr. WOLL. I am not familiar with the sugar industry. If protection is needed for the American industry it ought to be protected.

Senator THOMAS. Is organized labor in favor of an increased tariff on sugar?

Mr. WOLL. I do not know anything about the subject. President Green has made some utterances on the subject, but what his reasons for them are I do not know.

Senator THOMAS. You do not care to go into detail on specific cases?

Mr. WOLL. I know nothing about the agricultural situation whatever. I can not advise you as to sugar, whether labor in Cuba is lower than the Mexican labor employed in America or what the conditions may be. We have our own problems of the Mexican-labor situation, which is largely immigration.

Senator THOMAS. Take labor in New York, for instance. Are you in favor of the increase of duties on food products that your people must of necessity buy?

Mr. WOLL. If the agricultural world needs protection against importation of foodstuffs in order to survive and prosper, it is your duty to maintain American agriculture and not make it dependent on foreign agriculture.

PULPBOARD IN ROLLS

[Par. 1402]

STATEMENT OF DUTRO C. CALE, REPRESENTING CERTAIN-TEED PRODUCTS CORPORATION, NEW YORK CITY

Senator DENEEN. To which paragraph do you direct our attention?

Mr. CALE. To 1402, and/or 1413, depending on the interpretation of those two paragraphs.

Senator DENEEN. 1402?

Mr. CALE. That is pulpboard in rolls for use in the manufacture of wall board.

Senator DENEEN. In that one 5 per cent is omitted; that is the change.

Mr. CALE. That part of the paragraph as follows: "Pulpboard in rolls for use in the manufacture of wall board, 5 per cent ad valorem," was omitted entirely, which makes it confusing, because the comparative print, H. R. 2667, of June 11, stated that pulpboard in rolls for use in the manufacture of wall board is made dutiable

now at 10 per cent ad valorem, but paragraph 1402 does not mention pulpboard, and the paragraph states that if the pulpboard is decorated in any way it is subject to a higher duty. Now, the pulpboard may be at times considered as decorated. For one grade or brand of board we would use natural coloring, cream coloring; for another brand we might use a light tan color so that one brand can be determined from another brand, but it does not increase the quality and it is not intended to increase the quality or we might put a blue line down one sheet of pulpboard for one brand of wall board, or a green line down another sheet for another brand of pulpboard, as Certainteed wall board or Beaver wall board. One color represents Beaver and another represents Certainteed.

Senator DENEEN. Is that for identification or is it in decoration?

Mr. CALE. Not decoration, strictly identification, and the same applies in different colors of the sheets of pulp board for Certainteed, the beaver board, the Certainteed, the plaster board. As I say, that is all for identification and is not an indication of quality.

Senator DENEEN. What is your suggestion?

Mr. CALE. Our suggestion so that there will be no question about determining pulp board in rolls for use in the manufacture of wall board, is that a paragraph be added to 1402.

Senator DENEEN. A whole paragraph at the end?

Mr. CALE. Not a paragraph, but a sentence at the end of paragraph 1402—pulp board either smooth or pebble surface, in rolls, for use in the manufacture of wall board, duty free.

I will describe our reason for that. The importations of this pulp board have been steadily decreasing; 99.7 per cent of the total importations during the last four years have been brought in from Canada. Of that 99.7 per cent our company has imported 86.4 per cent and one other company has imported 11.9 per cent, leaving less than 2 per cent imported from foreign countries by all others.

So the whole weight of this duty or practically the whole weight of that duty is directed at our company. The importations have decreased steadily from year to year.

Senator COUZENS. What has taken their place?

Mr. CALE. American manufactures, I presume, because the demand for wall board has increased in the last few years.

Senator COUZENS. Why should not the American manufactures take their place?

Mr. CALE. There is not any complaint about that. We are American manufacturers, but I mean other American manufacturers than ourselves. The mill at Thorold, Ontario, about 9 miles from Niagara Falls, was established as a feeder plant for our company years ago.

Importations of the commodity in 1925 were 31,299.9 tons. That went down to a little over 30,000 tons in 1926, to 25,000 or 25,957 tons in 1927, and 23,694 tons in 1928. I should correct that. That is Certainteed importations. The total importations from Canada averaged from 36,312 tons in 1925 to 27,000 tons in 1928, the decrease being 24.29 per cent in the importations of Certainteed from Canada, and 25.64 per cent in the decrease of all importations from Canada.

Senator COUZENS. Do I understand the point you are trying to make is that you want those importations increased?

Mr. CALE. No; we want to keep from being put out in the street. Our business is going downstairs as the result of the 5 per cent.

Senator DENEEN. Do you want that restored or increased?

Mr. CALE. No; we would rather have half a loaf than none and rather go on the way we are going with 5 per cent duty if we can not have the material placed on the free list. We think from the fact that importations have been decreasing right along that there is really no justifiable reason, no economic reason for an increase in the duty on that commodity. It is strictly a building material and does not compete with any paper products, any pulp-board products, such as pie plates, egg-case fillers, or materials of that kind.

Senator COUZENS. Why is that decrease in importations?

Mr. CALE. Why?

Senator COUZENS. Yes; if there is that decrease.

Mr. CALE. Our cost at our Thorold, Canada, mill is higher than our cost per ton would be if we made the same product in a similar mill at Buffalo. We can not compete. We are losing business. We are doing less business.

Senator DENEEN. You mean with your own concern in Canada?

Mr. CALE. No; we do not compete with our own concern but we use American manufacturers.

Senator COUZENS. I understand that the whole tariff is to encourage manufactures in this country, but I understand that now you want to discourage them so that you may have more business over in Canada.

Mr. CALE. That is not it. This is a finished product.

Senator COUZENS. It does not make any difference whether it is finished or unfinished. The principle is the same. I just want to get clear the point you want to make.

Mr. CALE. I am sorry I have not made myself clear. Our mill was established in Thorold as a feeder plant to the Buffalo plant.

Mr. COUZENS. We understand that, but you are objecting to the fact that it is not now able to compete with American industry.

Mr. CALE. We are not as an American industry able to compete fairly with other American industries. That plant is owned by American capital. This Thorold mill is owned by American capital.

Senator COUZENS. But it employs Canadian help.

Mr. CALE. For partly manufactured goods. I might explain further that our Buffalo plant is not located in a section of the country where American pulpboard would be available, and an increase in the duty, a big increase in the duty as proposed, under my interpretation of it, would put that plant out of business. Our company has over \$20,000,000 invested in this country. We employ from 5,000 to 7,500 people, depending on the way our plants are running. We have plants in 28 States of the Union, so we are strictly an American concern, but we do happen to have that plant there. The reason we have it there is because we bought it when we bought the Fibre Products Co. They had the plant there. They originally put that plant there. If the plant were not there we would not put one at Thorold, but would put it at Buffalo.

Senator COUZENS. Is not the theory of the tariff to encourage the building of plants in the United States? Your plant runs perpetually in Canada.

Mr. CALE. I will explain that. If we had to abandon that plant we would have a tremendous overhead expense that we can not carry on this side.

Senator KEYES. As I understand it, your Canadian plant is quite a burden.

Mr. CALE. As it is now, yes.

Senator KEYES. That is the trouble you are having in order to compete with other American plants who have not that burden to carry in Canada?

Mr. CALE. Who have not the same burden to carry, this 5 per cent duty on top of our higher costs at Thorold, as compared with the costs of the American Products Co. at a similar plant at Buffalo, N. Y.

Senator THOMAS. Where you find yourself embarrassed is having your plant across the border line.

Mr. CALE. That is our difficulty. If we did not have the investment in that plant we would not build a plant there.

Senator THOMAS. If that plant was across the border line in America, what would it cost you to get your raw material from which to make pulp?

Mr. CALE. So far that is a matter we have not figured on.

Senator THOMAS. What use is made of this wall board?

Mr. CALE. It is used for walls in the homes of people of moderate circumstances, not men with extravagant homes, but in small towns and country districts skilled labor is not easily available.

Senator THOMAS. It takes the place of plaster.

Mr. CALE. Yes.

Senator THOMAS. Nailed on to the studding?

Mr. CALE. Yes.

Senator THOMAS. And the joints are covered with a little wooden board giving a natural effect.

Mr. CALE. Yes, they are covered.

Senator THOMAS. And when used that way and painted they give a very good appearance and it is very warm and it is serviceable.

Mr. CALE. Yes, that is a fact and it is economical.

Senator THOMAS. And it is used by the small people of the country, the folks who are not able to build expensive buildings.

Mr. CALE. Yes, probably in that type of building.

Senator THOMAS. What would be the effect if the bill stands as it is, and what would be the effect of raising the rate to 10 per cent ad valorem. How much would that increase the price of this wall board?

Mr. CALE. What it will amount to in dollars and cents?

Senator THOMAS. Anyway you want to explain it so we will understand it.

Mr. CALE. It increases it 5 per cent.

Senator THOMAS. What will that mean to the man who does not know how much it will weigh or what it is worth?

Mr. CALE. What it will mean in dollars and cents.

Senator THOMAS. How much does it take?

Mr. CALE. A dollar and a half to two dollars, depending on the cost at the time.

Senator THOMAS. Is that on the square?

Mr. CALE. On the ton.

Senator THOMAS. What would that amount to on the square?

Mr. CALE. I have not that figure here. I would have to get that.

Senator THOMAS. Would the increase of that duty to 10 per cent have any material effect on the price of the finished product to the consumer?

Mr. CALE. No; it would not affect the consumer but it would affect us because we could not raise our price merely because of an increase in the duty unless our competitors raised their prices the equivalent of 5 per cent.

Senator DENEEN. In putting pulpboard on the free list would not that give you an advantage over your competitors here?

Mr. CALE. No; that would about offset the difference in the cost at Thorold over what it would cost if made at Buffalo.

Senator DENEEN. It would not be really an advantage at all?

Mr. CALE. No; no advantage.

Senator DENEEN. And your competitors buy the pulpboard that is fabricated in this country?

Mr. CALE. They generally make it.

Senator COUZENS. They make it themselves?

Mr. CALE. They have their own timber and their own water power.

Senator DENEEN. You are the only one that buys it in Canada?

Mr. CALE. Practically; we bring in 86.4 per cent and the Plastergon Co. brings in 11.9 per cent—during the last four years.

Senator DENEEN. This change would affect the last two?

Mr. CALE. Just those two.

Senator THOMAS. Do you suffer any competition from foreign goods from Canada?

Mr. CALE. Would we?

Senator THOMAS. Yes.

Mr. CALE. Under the present condition?

Senator THOMAS. Do you have competition with pulpboard from Finland?

Mr. CALE. No; not from any other foreign country. That was finished product I mentioned, not Finnish.

Senator THOMAS. The only pulp that comes in is from your factory in Canada?

Mr. CALE. In 1927 there were 168 tons brought in from all other foreign countries and that is insignificant as compared with 30,000 tons.

Senator THOMAS. Your request is then to be left alone, to allow the existing rate to stand?

Mr. CALE. At least, left alone, but clarify the situation, to have the paragraph added as I mentioned, as it appeared in the tariff act of 1922 in paragraph 1322.

Senator THOMAS. You did not expect to get this on the free list, did you?

Mr. CALE. We would like to get it, but if we can not get it, we would like not to be penalized with a further duty because it is a serious situation for our company and our company is practically the only one interested with the exception of the Plastergon Co., and we are interested about nine times as much as they are.

(Mr. Cale submitted the following brief:)

BRIEF OF THE CERTAIN-TEED PRODUCTS CO., NEW YORK CITY

SENATE FINANCE COMMITTEE,
Washington, D. C.

SIBS: A. This is a brief on behalf of the Certain-teed Products Corporation, an organization having over \$20,000,000 in American capital invested in American manufacturing plants and giving employment to over 5,000 people.

B. The House of Representatives has eliminated from the tariff bill of 1929 "Pulpboard in rolls for use in the manufacture of wall board, 5 per centum ad valorem," as appearing in paragraph 1302 of the tariff act of 1922, thereby placing this commodity in a class with higher grade pulpboards, referred to in paragraphs 1402 or 1413 of the tariff bill of 1929, depending upon the interpretation of the wording of these two paragraphs.

C. Certain-teed Products Corporation now prays for relief from the provisions of paragraphs 1402 and 1413 for the following reasons:

I. During the calendar years 1925 to 1927, inclusive, of the total importations of this commodity from all foreign countries—99.7 per cent were imported from Canada.

II. During the calendar years 1925 to 1927, inclusive, of the total importations of pulpboard in rolls for use in the manufacture of wall board—85.9 per cent were imported by Certain-teed Products Corporation.

III. During the calendar years 1925, 1926, and 1927 the total importations of this commodity, the total amount imported from Canada, the amount imported by Certain-teed, the amount imported by the Plastergon Co., of Buffalo, N. Y., a manufacturer of wall board, and the total amount imported from all other foreign countries were as follows:

Total importations from all foreign countries:	Tons
1925.....	30,347.8
1926.....	35,382.3
1927.....	30,063.8
1928.....	27,000.0
Importations from Canada:	
1925.....	38,312.5
1926.....	35,325.8
1927.....	30,000.2
Certain-teed importations:	
1925.....	31,290.9
1926.....	30,217.8
1927.....	25,957.6
1928.....	23,694.6
Plastergon importations:	
1925.....	3,673.0
1926.....	4,363.0
1927.....	3,856.0
1928.....	3,137.0
Total importations from all other foreign countries:	
1925.....	35.1
1926.....	56.5
1927.....	63.5

Segregation of 1928 imports not available.

As the Certain-teed and Plastergon importations of this pulpboard in rolls were used in the manufacture of wall board in the United States, these figures deny the statement "We are of the opinion that a great many other board items were brought in as pulpboard in rolls which never went into wall board," that was made by Mr. Schmidt, representing the Paper Board Industries Association.

IV. The total importations of pulpboard in rolls for use in the manufacture of wall board have been steadily decreasing, indicating conclusively that the present 5 per cent duty is not threatening industry and labor in the United States. To the contrary, the present 5 per cent duty is working a hardship on Certain-teed Products Corporation.

V. The pulpboard in rolls imported for use in the manufacture of wall board at the Certain-teed wall board plants located at Buffalo, N. Y.; Akron, N. Y.; and Fort Dodge, Iowa, is not a finished commodity; the American manufacturing costs being greater than the Canadian costs, indicated as follows:

	Per ton
The Thorold, Canada, average mill cost, plus duty and freight to these plants being.....	\$47.58
In this cost of \$47.58 all materials used would be admitted into the United States free and the application of the small Canadian labor charge, amounting to less than \$5 per ton, required to put this material in condition for economical transportation, subjects it to a 5 per cent duty.	
To which is added United States average additional material, labor, etc., costs of.....	56.10
Making a total finished average United States cost.....	103.68

The per ton cost of this commodity is higher at the Certain-teed Thorold, Canada, plant than the cost per ton would be if this pulp were manufactured at Buffalo, N. Y., in a mill similar to the Thorold mill.

VI. Because it is our understanding and belief that the purpose of a tariff act is to protect United States industries and labor against cheaply paid labor in foreign countries and the pulpboard mill labor wages at Thorold, Canada, are higher than similar labor is paid at Niagara Falls, N. Y.

VII. Because Certain-teed is now laboring under an excess cost because of its higher mill cost and the present 5 per cent duty and could not operate its Thorold, Canada, pulpboard mill and import its own pulpboard from that mill for use in the manufacture of wall board if the provisions of paragraphs 1402 and/or 1413 are made applicable to this commodity, except under a very severe handicap.

VIII. Because it is the belief of Certain-teed that a marked decrease from year to year in the importations of any raw, or partially finished foreign material does not offer any economic reasons for any duty and particularly an increased duty as in the case of the application of paragraphs 1402 and/or 1413 (of the tariff bill of 1929) to pulp board in rolls for use in the manufacture of wall board.

IX. Because it is the belief of Certain-teed that the increase in the duty on this commodity is unjust and uncalled for by all of the conditions surrounding the Canadian cost and Certain-teed's importation of this commodity for use in the manufacture of wall board.

X. Because it is the belief of Certain-teed that the reasons as given at the hearing before the Ways and Means Committee in support of an increase in the duty on pulpboard in rolls, for use in the manufacture of wall board, can not be supported by existing facts, do not exist, and are, in fact, mythical.

XI. Because it is the belief of Certain-teed that the proposal to eliminate "pulpboard in rolls, for use in the manufacture of wall board, 5 per cent ad valorem" from paragraph 1302 of the tariff act of 1922 and to have this commodity placed in a class with higher grade commodities to be subject to a duty of as much as 30 per cent ad valorem, was initiated by a group of individuals having knowledge of the peculiar situation of Certain-teed with respect to its Canadian property at Thorold, Ontario, and with a view to seriously hampering and interfering with Certain-teed's business and to obtain through a tariff revision a still further unfair competitive advantage.

XII. Because the Thorold, Canada, plant was built on account of the company's inability to secure from territory in the United States contiguous to its eastern manufacturing plants, an adequate supply of its then and future pulp wood requirements, as a "feeder plant" for the Buffalo, N. Y., plant of Certain-teed Products Corporation, and since the application of the tariff act of 1922 imposing a duty of 5 per cent ad valorem on this commodity, the Buffalo plant has been operated at a considerable disadvantage and a further increase in the duty on pulpboard in rolls for use in the manufacture of wall board would be disastrous to the millions of Certain-teed American invested capital and its thousands of employees, particularly to the Buffalo plant and the many employees at that plant.

XIII. Because in our manufacturing process we import one portion of our partly processed raw material from our own Canadian plant at Thorold, Canada, processed the minimum amount necessary to put it in form for economi-

cal transportation. This raw material is described in the tariff act of 1922 as "pulpboard in rolls for use in the manufacture of wall board" and is subject to a duty of 5 per cent ad valorem.

It is the contention of Mr. Osborne, who testified before your committee that by reason of the location in Canada of this mill unit or section of one of our manufacturing plants that we are enabled to supply this raw slightly processed material to our principal manufacturing plants in the United States, at a cost lower than he can produce it in similar form at his own mill in Wisconsin, largely by reason of the lower cost of Canadian labor.

XIV. The facts hereinafter prove conclusively that the actual pulpboard Canadian labor costs are higher than similar costs in the contiguous section of the United States as well as in the many other sections of the United States in which we operate manufacturing plants.

XV. Therefore, no economic necessity exists for any increase in the present 5 per cent ad valorem duty, but, on the contrary, every reason exists for the elimination of the present duty on this commodity.

XVI. Because of our total production of wall board manufactured from this "pulpboard in rolls," over 95 per cent is used by the building trades in homes and in buildings largely of the cheaper class, in industrial centers, in the rural communities, and on the farms, and it is essentially a building material for the family in very modest circumstances.

XVII. Because our wall board is in competition with lath and lumber used for walls and partitions, which materials under the tariff bill of 1929 will be admitted duty free.

XVIII. Because the testimony given by Mr. Osborne before your committee, Thursday, June 13, that \$40 per ton would be a high cost on Canadian pulpboard in rolls for use in the manufacture of wall board, based on a cost of \$40 per ton, stated that a 10 per cent duty would be sufficient to equalize the Canadian mill cost of pulpboard in rolls for use in the manufacture of wall board, with his American mill cost of the same commodity, fully confirms our testimony given before your committee, to the effect that under the present 5 per cent duty Certain-tyed is operating at a disadvantage in competition with American mills producing pulpboard in rolls for use in the manufacture of wall board, as the cost records of our company for the first quarter of 1929, not including duty and freight, show the actual average cost to have been \$44.07 per ton, which is higher than \$40 per ton, which Mr. Osborne stated to your committee would be a high cost on Canadian mill pulpboard, in rolls, for use in the manufacture of wall board, plus a 10 per cent duty, which Mr. Osborne stated would be satisfactory protection for his American mill; and

XIX. To our actual average, Thorold, Ontario, mill cost of \$44.07 per ton on this commodity, must be added the cost of actual freight paid of \$1.90 per ton, making the cost to our Buffalo wall board manufacturing plant at port of entry, Black Rock, N. Y., a suburb of Buffalo, exclusive of the present 5 per cent duty, \$45.97 per ton, which is 14.0 per cent higher than the cost Mr. Osborne stated would be a high Canadian pulpboard mill cost of this commodity; and

XX. To this \$45.97 per ton must be added the present 5 per cent duty, which made our actual average cost for the first quarter of 1929 at our wall-board manufacturing plant in Buffalo, N. Y., \$48.22 per ton, which is 20.55 per cent higher than Mr. Osborne's figure of a high Canadian mill cost, viz, \$40 per ton, and is \$4.22 per ton, or 8.29 per cent, higher than a cost which Mr. Osborne stated would equalize Canadian mill cost with his Wisconsin mill cost on the same commodity.

XXI. Based on Mr. Osborne's statement to your committee that \$40 per ton would be a high Canadian mill cost and his statement that a 10 per cent duty would be sufficient to equalize Canadian mill costs of this commodity with his American mill cost of the same commodity, our actual Thorold, Ontario, average mill cost of \$44.07 per ton for the first quarter of 1929 was 7 cents per ton higher than a \$40 per ton Canadian mill cost plus 10 per cent per ton duty.

XXII. Mr. Osborne's statement to your committee fully substantiates our statement to your committee that if pulpboard in rolls for use in the manufacture of wall board is placed on the duty-free list our company would have no advantage over our American wall-board manufacturing competitors.

XXIII. Based on all the above facts, our company is justified in requesting that pulpboard in rolls used in the manufacture of wall board be placed on the duty-free list and that at least no additional burden be placed on our company over and above the present 5 per cent duty.

XXIV. Because of all the foregoing—

(A) That, irrespective of the duty applied to "Pulpboard in rolls for use in the manufacture of wall board" in the tariff bill of 1929, in order to avoid any possible confusion of this commodity with other pulpboards manufactured for purposes other than for use in the manufacture of wall board, and to continue to provide in future Department of Commerce reports the importation tonnages of pulpboard in rolls for use in the manufacture of wall board, and for future use in considering the duty applicable to this commodity, that there be inserted at the bottom of paragraph 1402 of the tariff bill of 1929 the description, "Pulpboard in rolls for use in the manufacture of wall board."

(B) That you refuse to approve the increased duty of pulpboard in rolls for use in the manufacture of wall board, as covered in paragraphs 1402 and/or 1413 of the tariff bill of 1929.

(C) That you insert in the tariff bill of 1929, after paragraph 1402, "Pulpboard, either smooth or pebble surface, in rolls for use in the manufacture of wall board, duty free," or if it is the judgment of your committee that this commodity should not be placed in the free list, in order not to further burden our company with any increase over the present 5 per cent duty, that you insert in the tariff bill of 1929, after paragraph 1402, "Pulpboard, either smooth or pebble surface, in rolls for use in the manufacture of wall board, 5 per cent ad valorem."

Respectfully submitted.

CERTAIN-TEED PRODUCTS CORPORATION.
DUTRO C. CALE, Vice President.

NEW YORK, N. Y., June 15, 1929.

PULPBOARD

[Par. 1402]

STATEMENT OF W. IRVING OSBORN, REPRESENTING THE CORNELL WOOD PRODUCTS CO., CHICAGO, ILL.

Mr. OSBORN. I am president of the Cornell Wood Products Co. mills, located in Wisconsin.

Senator DENEEN. To which schedule do you address your testimony?

Mr. OSBORN. To the items in 1402. I shall endeavor not to make repetition but direct myself to salient features. One is the Finnish board which competes with what is known as our solid wood pulpboard. I think for the past five years the price of the finished board in this country has gradually receded from around \$74 to \$75 per ton until recent offerings have been from \$50 to \$55. The only purpose of the request that we make for a 10 per cent ad valorem and one-half cent per pound is purely to equalize the cost. The cost, as shown by the imports and invoices of finished board coming into this market upon which we pay a 10 per cent ad valorem shows for itself, which, of course, is not available to me but would be available to customhouse sources, but that is practically \$43 or \$42.50 a ton, as the value of the product upon which they pay a tariff of 10 per cent. That added to ocean freight would enable them to bring their board in here at \$55 or \$56. I represent not only our own mills but five others from Maine to Wisconsin furnishing ground wood pulp.

Senator DENEEN. What is the difference between finished and ground wood pulp?

Mr. OSBORN. I meant the Finnish. We use that term. It is made in Finland and represents the difference in wage scales and raw

materials. We have in this country about 50,000 acres of standing timber. All of our own operations are carried on with American labor, American investment, from the time the tree is cut in the forest until it goes out into the finished product for commercial purposes.

In solid wood pulpboard some one said, I think Mr. Cale, that it was not mentioned in 1402. I think he overlooked the fact that it is pulpboard for wall board, and I think I may direct you to pulpboard, paper board, and pulpboard fills in paragraph 1402.

Senator DENEEN. Line 7.

Mr. OSBORN. Yes. That is the part they are speaking of that goes into wall board. I would like to correct an impression here, if I may, that pulp wall board is stressed as a building material. We have one of the largest outputs of wallboard and it is laminated, pasted board.

Senator THOMAS. What is the trade-mark name?

Mr. OSBORN. It has been known as wall board—that is, in finished products—and it is used so largely for advertising purposes. Painters use these signs that you see as you go along the Great White Way in New York. Almost all the signs are made by the indorsement on it of the advertisers. I know that we sell them that as board. It is used a great deal for window dressing by large department stores. It is an utility product. On every farm where you find cattle it is used for building pens for calves for protection and it is getting to be an utility because it eliminates the grain of the wood, knots, and knotholes. If a person on a farm wants a little 3-foot shelf he goes out and saws off a 3-foot panel of wall board and he has an excellent shelf. It adapts itself more to tops for card tables. I went to our representative in New York and asked him if he could estimate the percentage of our board. So we have abandoned and never have tried to have any wall board. We call it Cornell fiber board made out of wood paper because we did feel that the name, wall board, was restricted and was not fair to the product.

As I say, we manufacture all of them. You take the pulpboard in rolls, the wall board that is mentioned in the Hawley Act, 88 per cent, and I think this was practically admitted by the one that uses it. Mr. Cale spoke of himself as the Certainteed Co., and the Plastergon. The Plastergon is not a paper machine; it only laminates the pasteboard. On the finished product the Plastergon people put out there is not to exceed 12 per cent on every dollar. They are not called upon to invest 12 per cent. Their wage scale is very small and all the material they use is silicate that is pasted in a big roll and they put that in and that makes the wall board.

But we find that in the larger centers, like Chicago and New York, the larger centers on the Pacific coast—they use a great deal of it in their machinery—that in the larger centers I think the commercial use of that board as a utility product is such that any man with a saw and hammer can build a box or build a shelf with it, and I think they claim that over 60 per cent of ours goes into commercial use. But these rolls that come in from Canada, where 88 per cent of the cost is in the finished product, in those rolls we are forced to meet that competition from the forest to the roll, from the time the tree is felled in the forest until it is brought to our mill and there

barked, sawed into 2-foot lengths, goes through the barkers, through the grinder into the pulp machine, then over the paper machine, and it is after it leaves the paper machine that it comes to our paster, when it goes into the rolls, into the shape it is when it comes from foreign countries, and it is true that practically the only competition we have from foreign countries is that paper roll or pulp wood in rolls that are used here against us where we manufacture everything.

Senator THOMAS. Wherein can foreign factories produce this pulp cheaper than we can produce it in America?

Mr. OSBORNE. On the basic questions involved. First, that they have cheaper standing timber. They have cheaper labor. They do not have the investment. They do not have the overhead. They do not have the taxes. We employ from three to four hundred men in our mill, and we have all the other employment, the subsidiary companies, the Northern Pulpwood & Timber Co. that brings the pulpwood to our mills—every dollar of it by American labor and at a high wage scale, which foreign countries do not do.

Now, I did not bring the schedules here because I thought they were on file with the briefs that were filed before the Ways and Means Committee, and I hoped to take but a very few minutes of time on just those two items, that one roll, and we feel that the 10 per cent ad valorem is a very modest allowance for that differential in cost of the finished product—and when I speak of the “finished product,” the wall-board roll is 88 per cent of the finished product.

Senator THOMAS. Is it sold on the basis of per ton weight?

Mr. OSBORNE. No; it is sold on the basis of thousand square feet. There is about 4,000 square feet to a ton.

Senator THOMAS. And what is that worth, as a basis for duty?

Mr. OSBORNE. As a basis for duty? If you were taking the foreign valuation of what it costs over there, if you are taking what that roll costs in Canada, for instance, I should say that \$40 a ton would be a very liberal figure. At 10 per cent that would be \$1 a thousand on the timber sold. That would make it just about \$1.

Senator COUZENS. Has this all been filed in your brief in the House, this information?

Mr. OSBORNE. Not perhaps quite as minutely as I have stated it. But this was not on the wall board. I did not know this was coming up. The other was the Finland board, the board from Finland which goes into commercial use for pie plates, bottle caps, egg case fillers, match stock—made into matches. They can furnish anything.

Senator DENEEN. Mr. Osborne, will you prepare a statement with your suggestions or objections, put it into memorandum form and file it with the committee within a week?

Mr. OSBORNE. I will be very glad to.

Senator DENEEN. Paragraph by paragraph?

Mr. OSBORNE. I will be very glad to. There is only one paragraph, two items in that, 1402.

STRAWBOARD

[Par. 1402]

STATEMENT OF LLOYD D. BOWER, COLUMBUS, OHIO

(The witness was duly sworn by Senator Deneen.)

Mr. BOWER. I simply have a letter containing a paragraph I would like to read into the record.

Senator DENEEN. The letter speaks for itself. You are not here to testify?

Mr. BOWER. I would like to submit this.

Senator DENEEN. What is the paragraph to which you will refer in your statement?

Mr. BOWER. I have here a letter from the Hinde & Dauch Paper Co., of Sandusky, Ohio, a member of the Ohio Chamber of Commerce whom I represent in this.

Senator DENEEN. You may hand your letter to the reporter.

Mr. BOWER. This is it.

Senator DENEEN. You may file a brief if you wish within five days, or send it to me and I will put it in the record.

(The letter referred to is as follows:)

SANDUSKY, OHIO, June 10, 1929.

Mr. KARL S. DIXON,

Assistant Secretary Ohio Chamber of Commerce, Columbus, Ohio.

DEAR MR. DIXON: Since I wrote you a few days ago, I have received your letter of June 6, with inclosure, on the first page of which I notice that in the description of paper board, a minimum caliper of 0.009 of an inch is specified. This is the old specification and if it is going to stand, the effort of the farmer and the straw paper manufacturer will be defeated. "Strawboard" is presumed to be manufactured on a multicylinder machine, and it is a fact that a thickness of more than about 0.012 of an inch is not produced successfully on a single cylinder paper machine, however, up to that thickness, single cylinder machines do work effectively. Strawpaper for corrugating is always produced on a single cylinder machine, and as long as the minimum caliper of "strawboard" is as low as 0.009 of an inch, the product of Dutch single cylinder machines admitted as board at a low tariff rate, becomes paper after its admission and is used for corrugating purposes by American box makers. We and our rural suppliers are, therefore, keenly interested in blocking this subterfuge through which the Government is being defrauded and the producers of straw and of straw corrugating paper alike are being subjected to unfair foreign competition.

Naturally, we are all interested in raising the minimum caliper of "strawboard" to 0.012 of an inch which is about the minimum thickness for which multicylinder production is required, and at the same time the maximum thickness of paper used for corrugating purposes. The single cylinder product of 9-point caliper (the average thickness of paper used for corrugating) should not be fraudently admitted as "strawboard."

By research and possibly by influence, in case this reform has not been effected, can you help us.

Yours very truly

THE HINDE & DAUCH PAPER CO.,
H. H. SQUIRE.

CONDENSER PAPER

[Par. 1404]

STATEMENT OF HON. FRANK SCOTT, ALPENA, MICH., REPRESENTING THE RADIO MANUFACTURERS' ASSOCIATION

(The witness was duly sworn by Senator Deneen.)

Senator DENEEN. State whom you represent.

Mr. SCOTT. I represent the Radio Manufacturers' Association. My remarks will be directed at paragraph 1404, I might say, and particularly in that schedule there is the subject of condenser tissue, which is the sixth item mentioned.

First, let me point out to the committee that all of the condenser paper produced in the United States and all the condenser paper imported is used entirely in the electrical industry. The electrical industry is made up of electric manufacturing concerns, of radio manufacturers, and now of movietone people. It ought to be kept in mind that these three are primarily one as far as the use of condenser paper is concerned, because it is the only use in so far as the electrical utilization is concerned.

The Radio Manufacturers' Association is made up of radio manufacturers, paper manufacturers, parts manufacturers, amplifier manufacturers, and electrical products manufacturers, so that we include in the Radio Manufacturers' Association approximately all people who use condenser tissue, that is, except independent electrical concerns such as the General Electric, Westinghouse, etc. They have an independent electrical association.

Approximately 50 per cent of all the condenser paper is used by radio-manufacturing concerns. I will point out to the committee that at no time since the use of audio—condenser paper has been used particularly in the amplifier-audio field—has there ever been enough production in the United States to answer the demand. This is significant also. Not only does the radio manufacturer desire to use the American product but he is also financing the American producer in order that we can finally reach the point of having American over production 100 per cent American consumption.

I want to call attention to the fact that three years ago the American production in the United States of condenser tissue was approximately 2,000,000 pounds. Last year the American production in the United States was 4,135,000 pounds, approximately double.

Senator COUZENS. Have you the import figures for last year?

Mr. SCOTT. Yes. Last year we imported from abroad 800,000 pounds. This year in the industry there will be produced in the United States approximately 7,000,000 pounds of condenser tissue. There will probably be imported approximately 1,000,000 pounds; we hope slightly less. At the present time there are only three mills in the United States who are producing condenser tissue. There is one other, making four, but that other one only produces a very small quantity, therefore the major portion of the supply is given to us by three concerns. We were very much surprised, naturally, to find the House putting a 5 per cent ad valorem increase on condenser tissue. That may be due to the fact that condenser tissue is one of some 10 or 15 items. We have not any objection to tissue paper, stereoptye

paper, coping paper, India paper, Bible paper, and all the other items in this particular schedule carrying the 5 per cent ad valorem increase on paper not weighing over 6 pounds per ream.

We have not any objection to that at all. But in so far as condenser paper is concerned, we feel it would be a grave injustice in two ways. The actual cost in the increase in tariff is inconsequential, but that is not the item at all. We are bound to have a shortage in 1929 and 1930. We can not avoid it. The mills in the United States admit it. Part of these mills are members of our association. I might say that the majority of the prominent producers are in the association, about 95 per cent of the producers. Therefore, we are faced with an inevitable shortage. We will take and expect to take and are anxious to take every pound of condenser paper that can be produced in the United States, every ounce of it.

Senator THOMAS. Are these mills exporting any condenser paper?

Mr. SCOTT. Not a pound.

Senator COUZENS. What you are afraid of is that they will get together and raise the prices on you.

Mr. SCOTT. That is what happened last year. Since we began using—and you understand this new industry has sprung up overnight—in the space of two years our consumption increased 100 per cent and this year it will increase more than 100 per cent, approximately, and then on top of that we have movietone coming in and we are furnishing amplifiers for movietone, so that our demand is increasing by leaps and bounds and we are trying to encourage print paper to come into the manufacture and installation of this technical machinery in order that we can get it here in this country.

It should be noted by the committee that foreign paper, which we are obliged to bring into this country, imported condenser tissue, costs us more than the American condenser tissue. Therefore, there is obviously no objection for the American manufacturer, radio or electrical, to go to the foreign market and pay more for his product than we get here in the United States or than we are charged in the United States, and in answer to your question, last year, without criticising any one in particular, the normal rate of a certain grade of paper was 80 cents. Last fall we ran into a shortage which was a warning as to the future. All of a sudden at least one paper company jumped their price from 80 to \$1.10 until the shortage was over with and we were able to get enough paper from England and France and Czechoslovakia to fill the demand.

Senator COUZENS. Did they all raise the price?

Mr. SCOTT. No; as far as I know, only this one concern raised the price. Fortunately, the majority of the members of our association had contracts covering the year and, therefore, they were amply protected.

Senator THOMAS. This paper is a raw material as far as your concerns are concerned?

Mr. SCOTT. Yes.

Senator THOMAS. You are talking now of the consumers?

Mr. SCOTT. I am talking for the consumers because I can not understand how the House added this 5 per cent ad valorem unless they were confused because the paper industry does not ask for it. Here is the largest individual paper producer, the largest condenser producer in the United States, Smith.

I was anxious to find out in our industry because our relations with the paper industry have been very friendly. We are interested. In my statement which I made to the House committee I pointed out that we were not in controversy with the paper industry at all; we were anxious to encourage domestic production, so that in our effort to reconcile ourselves with our friends, with our business associates, we have endeavored to find out from the paper people themselves. We considered the concern producing the largest amount of condenser paper and we have obtained from him an expression on the subject and he says that he—

hopes the domestic mills will be in position to meet the normal increasing requirements. Our present profits are satisfactory.

Senator DENEEN. Will you put that in the record?

Mr. SCOTT. Yes. It is contained in this telegram.

(The telegram referred to is as follows:)

LEE, MASS., June 11, 1929.

MOSER PAPER CO.,
621 Plymouth Court, Chicago, Ill.:

Have not heard of any material change in tariff except increase of 5 per cent ad valorem on light weight. Believe domestic mills will be in position to meet normal increased requirements. Present profit satisfactory. Production of machines govern cost. Endeavoring to secure number of pounds imported and manufactured in this country. Regret have not more information for you.

SMITH PAPER CO.

Senator DENEEN. Proceed.

Mr. SCOTT. If the largest producer of condenser paper in the United States is hopeful that we will be able to take care of the demand in the United States and he is satisfied with the profit that they are making on the prices that they are charged, why accentuate an inevitable shortage by increasing the tariff 5 per cent. The increase in cost does not amount to anything but here is what will happen. If you increase the tariff 5 per cent, we may not be able to get any of the stuff from Great Britain because they are now asking, the other countries which are importing are now asking us on contracts which we made with them in order to meet the shortage, asking us to release them from their contracts in order that they may sell their product in Europe where it is used for the same purpose.

The result will be this. Unless we can continue to go over there and get enough material to take care of this shortage, the result will be that we will have to shut down some of our plants here and not only suffer from not having material, but many of our skilled employees in radio-amplification, audio-amplifiers, public groups address systems, and our movietone, I do not know how many, will be thrown out of employment.

Senator THOMAS. It is evident from your testimony that this business is profitable. Why do not these firms increase their output by building new plants? Why does not capital build new plants to take care of the needs?

Mr. SCOTT. They are building as fast as they can. You understand that condenser tissue of the quality which we use, I should say, is 90 per cent of it under 6 pounds, 4 pounds under. We do not use any of it that weighs over 7 pounds and higher than 90 per cent would be under 6 pounds per ream. You understand when you get to manufacture that character of paper it is highly technical. It has

to be almost free from pores and the result is that the mills can not produce as much in quantity as they could other paper.

We have not any objection to the other items going in, but we hope that you will not invoke abandonment by giving this 5 per cent ad valorem increase on condenser tissue.

Senator THOMAS. Are the interests you represent asking for an increase of the duty on any of their manufactured products?

Mr. SCOTT. No; we feel we are able to compete with the world. We hope that we are.

Senator DENEEN. What percentage of foreign materials do you buy and what percentage in the home market?

Mr. SCOTT. Our radio manufactures are almost entirely produced here in the United States. Condenser tissue, which is a product used solely in the amplifier-audio division, we hope will get to the point where domestic production will be equal to domestic consumption, but we do not want to aggravate an inevitable shortage by putting on a 5 per cent ad valorem increase.

Senator DENEEN. Is it a fact that you are paying 88 cents for domestic and 44 cents for foreign?

Mr. SCOTT. Forty cents for foreign paper?

Senator DENEEN. Yes.

Mr. SCOTT. No; 80 to 88 for foreign.

Senator COUZENS. And how much for domestic?

Mr. SCOTT. 72 to 75.

Senator COUZENS. For domestic?

Mr. SCOTT. Yes. I may say to you I have sent out an inquiry to every one who are using condenser tissue and asked them to furnish me with a statement showing the amount that they paid for domestic condenser paper and the amount they paid for imported condenser paper. The replies which I received from that letter showed that the domestic condenser tissue at the present time is quoted at a price of 5 to 10 cents a pound less than the quotation on the similar product from European countries.

That was the sum total and, of course, we have during the shortage been obliged to use the cheap foreign condenser tissue which was imported. If I may use an expression of the street, it was rotten, it was terrible and no one wants to use it, and the only reason we did use it was simply to meet an emergency where we had nothing else to use available in the United States.

Senator THOMAS. Was that the cheapest paper you could use, 42 cents?

Mr. SCOTT. I do not recall any information sent to me which quoted a price of 42 cents. The lowest imported paper quotation was higher than the lowest American or domestic paper and the highest American domestic paper was lower than the imported paper. In other words, they had it on us both going and coming, which is all right. We have not any controversy. I repeat we are anxious to get to a point where we will have enough production in the United States to meet demands.

Senator THOMAS. I was referring to the record in the other hearing.

INDIA AND BIBLE PAPER

[Par. 1404]

STATEMENT OF S. D. VAN WYCK, BOSTON, MASS., REPRESENTING THE S. D. WARREN CO. AND THE AMERICAN TISSUE PAPER MANUFACTURERS' ASSOCIATION

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

Mr. VAN WYCK. I represent S. D. Warren Co. and the American Tissue Paper Manufacturers' Association.

Senator WALSH. How many concerns are there in that association?

Mr. VAN WYCK. About 22, Senator Walsh.

Senator WALSH. Where are they located?

Mr. VAN WYCK. They are located in New England to the extent of about six; the balance are distributed throughout the middle western section of the United States.

Senator WALSH. How many paper manufacturers making tissue paper are there who are not included in your association?

Mr. VAN WYCK. I would hazard a guess on that, but I can ask for advice on it of Mr. Hecht.

Senator WALSH. I think it is a good idea for whoever represents an association to tell us who is back of the association, just what they represent.

Mr. VAN WYCK. They are essentially the successful units in the industry.

I did not come here to talk about the topic which Mr. Malcolm brought out. I came speciically to ask for something in paragraph 1304 or 1404.

Senator DENEEN. You can address yourself to his point first, so we will have it in the record, and then go on with your own.

Mr. VAN WYCK. In the first place, I hope there has not been any confusion in regard to this paper in relation to finished paper and body stock. There are two essential qualities there. I think perhaps there might be some confusion because of the samples submitted. It is true that body stock is largely made here for the general supply of the carbon coaters, people who coat the carbon paper. There is also a supply coming from countries other than England, of carbon body stock to be coated by carbon coaters in this country.

Senator WALSH. What is that called?

Mr. VAN WYCK. That is commonly called carbon paper, but it is really a carbon tissue body stock which is treated by the carbon coaters. Mr. Malcolm is a member of that organization and incidentally happens to be an importer of this so-called English product, which is an English product, not so called.

Senator THOMAS. Does Mr. Malcolm import body stock or finished product?

Mr. VAN WYCK. Body stock, not finished carbon paper. That is what I want to clarify. He is an importer of body stock, tissue body stock, which is sold to his fellow members of the association and coated by them.

Senator WALSH. Of the lightweight character referred to?

Mr. VAN WYCK. Lightweight character and medium-weight character. Any expansion in the direction of increased weights might also be manufactured by them.

Senator WALSH. And does the lightweight paper imported compete with your lightweight paper?

Mr. VAN WYCK. Not in the sense of its lightness in weight. That market has been practically closed to American manufacturers for two reasons. One is that thus far the volume has not been sufficient to warrant any American concern in concentrating on that particular weight. In other words, the English manufacture came originally out of the pottery tissue of England. Carbon tissue is a development of pottery tissue by two of the famous English mills. It so fitted into the mechanical development of carbon coating that it was the beginning of the so-called "machine production" of carbon-coated paper.

High-grade tissue production in this country is virtually in its infancy, because of the machinery, because of the skilled workmen required, and such, so that this whole question is involved with more than just the one factor of that English competition. We do get carbon paper coming into this country, as Mr. Malcolm well knows, from Czechoslovakia and from some other countries, Finland. Unfortunately we can not get a division of the statistics from the Treasury Department, because of the general classification of a number of papers, where carbon paper is dumped in with pottery tissue and such, and all along the line, even India paper of a certain weight, so we are not able to definitely fix the particular amounts that are imported from these various countries. We do know in general approximately what Mr. Malcom has imported, because he has been perfectly fair about it. He says he imports so much.

Senator THOMAS. Does his amendment satisfy or clarify the situation?

Mr. VAN WYCK. It was stated so rapidly, Senator Thomas, that it would require certainly careful study, because it embraces weight brackets different than I have heard mentioned before. I would like to have an opportunity to study that. A quick survey of that would hardly warrant my making a statement.

Senator THOMAS. Will you make a survey and advise the committee before our hearings close, as to whether or not that is satisfactory to the interests you represent?

Mr. VAN WYCK. I would not want to guarantee that we could make a complete survey of that, because I did not study that. We have not even a copy of it.

Senator DENEEN. Will you give us a copy of your paragraph to-day?

Mr. MALCOLM. I will furnish Mr. Van Wyck with a copy of the brief I have just given you.

Senator DENEEN. Then you will reply to it in your brief?

Mr. VAN WYCK. Yes. The essential reason for that particular request for increase was on the basis of the condenser tissue business. I have no axe to grind in that particular department of the business, because we do not manufacture condenser tissue and do not intend to manufacture condenser tissue. It is outside of the mechanical scope of our tissue mill group. So that was the essential reason

for it. We get the German product coming in. It is the finished product coming in to the condenser field that is affecting adversely the position of those mills in this country who are producing condenser tissue. I admit that there is a confusion there in relation to Mr. Malcolm's particular project, but at the same time I want due consideration given to the import from those other countries of carbon paper.

Senator WALSH. Do you sell to the manufacturers?

Mr. VAN WYCK. Yes.

Senator WALSH. The ones that he represents?

Mr. VAN WYCK. Yes, sir. The probabilities are that in a particular grade—not boasting of our production—

Senator WALSH (interposing). Just as far as you can agree upon the facts, at the point where you disagree we would like to know it.

Senator DENEEN. And present your views about his amendment in two phases: First, a statement of it, and second, whether there should be an amendment, a particular clause. Make any suggestions of your own. Do not answer it alone, but make suggestions if you have any.

Mr. VAN WYCK. Of course, if that whole paragraph could have been clarified just the way we wanted it back in 1918, this discussion would never have come up, because we asked for classification of each individual quality so there could not be any confusion.

Senator DENEEN. To which paragraph do you address your statement?

Mr. VAN WYCK. 1404, lines 19, 20, and 21, beginning with the word "india" and ending on 21 with the words "ad valorem." I will read it:

India and Bible paper, weighing 10 pounds or more, and less than 18 pounds to the ream, 4 cents per pound and 15 per cent ad valorem.

What I would like to ask for is a change from 18-pound to 20½-pound. The essential reason for it is that in the progress of this particular branch of the industry, namely, the production of India and Bible paper, that is, the twilight zone between Bible and India paper and printing paper as classified under the tariff act. The twilight zone permits the importer to-day to bring in an 18½-pound paper and have all the advantages of the printing paper rate, and with relative bulk and opacity factors can enjoy business with which we can not possibly deal on account of the prices. Basically that means that the importer has a possibility of arriving at a position in the trade, of getting a business that it will be impossible for us to seek on the price basis. We can sell on a quality basis and on a service basis. Now, there is not the advantage to the Treasury which is incidental, I will admit, if it is on the basis of protection, the tariff act, of 3¾ cents per pound and 15 per cent ad valorem—5 per cent ad valorem.

I ask that for this reason: That in the development of this India and Bible paper, the trend of the times in the publishing industry is calling for more compact books, more compact works. The airplane is bringing it about in printed matter, and as a result the development is leading in the direction of that class of paper. In our own development, we being the largest manufacturers of this particular class of commodity, India and Bible paper, we have been able

to bring ourselves to the position of enjoying about 50 per cent of the capacity of the mill that can manufacture that in that paper production. We have done it because we have advertised and we have built a merchandising business on a service basis throughout the country. It does not, however, permit us to enjoy any of the big business on which service is not the major factor. The moment service is the major factor we can step in and compete; the moment that service is not a factor, a good deal of that large business goes to the foreign mills.

Briefly, the production of India paper and Bible paper in this country began in 1911. India and Bible paper was only known to the Old World in the middle of the Victorian reign, so that it is essentially, again, something of an infant industry.

Now, this twilight zone in weight pretty clearly leaves us out of any improvement in position. I am not speaking of this for ourselves alone, but for the industry. If this were allowed we would not receive benefits for several years as an individual concern, because some of the other cheaper mills would naturally come in on the basis of that paper weight, and we then have to build up ourselves on the basis of quality. The imports again, are not ascertainable, because that paper comes in to the printing paper division of the statistical records put out by the Treasury Department, but from a sales angle and purely on hearsay and general observation, I should say that that tonnage would represent in the United States something like from one to three thousand tons, and on a value of about \$200 per ton, the answer is very simple.

That is essentially my whole story on that particular weight classification.

Senator THOMAS. Does your factory make the raw stock or paper stock exclusively, and keep out of the finished product field?

Mr. VAN WYCK. Absolutely. In the carbon?

Senator THOMAS. No; the various classes of papers that you manufacture?

Mr. VAN WYCK. Entirely. We are converters—I mean we are manufacturers, not converting into finished form.

Senator THOMAS. Well, the interests you represent, do they simply make the raw stock and sell it in bulk to those who process it and distribute it as a finished product?

Mr. VAN WYCK. Yes, sir.

Senator THOMAS. You are not in the finished products business?

Mr. VAN WYCK. No, sir, we are basic manufacturers of raw products.

Senator THOMAS. Will there be some one here who processes raw stock into paper of various kinds, who will testify, do you know?

Mr. VAN WYCK. Not that I know. Mr. Malcolm is the only one that could possibly discuss it in this particular division.

Senator THOMAS. Well, he only has charge of carbon paper.

Mr. VAN WYCK. The India paper and Bible paper, you understand, Senator Thomas, is largely used for printing books and such.

Senator THOMAS. I understand.

Senator DENEEN. Are there any further questions?

Senator WALSH. I understand that the duty fixed in the House bill on India and Bible paper meets with your approval?

Mr. VAN WYCK. Yes, sir.

Senator WALSH. And that your industry is able to compete with foreign industries importing Bible paper within the bracket named?

Mr. VAN WYCK. Yes.

Senator WALSH. But what you desire is to have the bracket of the twilight zone extended?

Mr. VAN WYCK. Yes, sir.

Senator WALSH. So as to shut out the importations that are coming in beyond this twilight zone?

Mr. VAN WYCK. Yes. With this one additional statement, that it would assist in the employment of more skilled workmen in those mills in this country who can produce this class of paper which is essentially different from the ordinary printing paper.

Senator WALSH. I suppose at the time these brackets were fixed the American industry was not producing that kind of paper that is beyond the twilight zone, but now you say you are in position to do so?

Mr. VAN WYCK. Yes, sir.

Senator WALSH. And that is the reason for the change desired?

Mr. VAN WYCK. Yes, sir. Had we had the vision at that time we would probably have had that bracket extended to that twilight zone, to cover new developments in merchandising and the use of lightweight paper.

Senator WALSH. If you made an amendment, how would you change that weight?

Mr. VAN WYCK. To 20½ pounds.

CARBON PAPER

[Pars. 1404 and 1409]

STATEMENT OF GEORGE F. MALCOLM, BOSTON, MASS., REPRESENTING AMERICAN MANUFACTURERS OF CARBON PAPER

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

Mr. MALCOLM. I am vice president and general manager of the F. S. Webster Co. of Boston, Mass.; representing American Manufacturers of Carbon Paper, as the chairman of the tariff committee; representing myself as the importer of carbon paper, and wishing to speak in regard to paragraphs 1404 and 1409 of the proposed tariff act.

Senator WALSH. How many carbon-paper manufacturers are there?

Mr. MALCOLM. There are 32, Senator Walsh.

Senator WALSH. You represent them all?

Mr. MALCOLM. I am representing 26, whose names appear on my brief, which have elected me chairman to represent them in connection with this matter.

There are two paragraphs, as I have indicated, which are of particular interest to us, paragraph 1404 of the proposed tariff act, at line 16, on page 164 of the pending bill, which refers to "carbon paper, coated and uncoated," and it is classified with numerous other

papers, including tissue paper, stereotype paper, and copying paper, India and Bible paper, condenser paper, carbon, coated or uncoated, bibulous paper, pottery paper, tissue paper for waxing, and all paper similar to any of the foregoing.

I wish to state that we are not asking for a reduction in the rate of duty, that is provided by the tariff act of 1922, with only one exception, and that is to provide for a new condition which has come into existence since that tariff act was enacted.

The tariff act of 1922 provided for a duty of 6 cents per pound and 15 per cent ad valorem on all carbon paper of 6 pounds and under in weight.

Senator COUZENS. Do you prefer entirely a specific tax, or an ad valorem tax, or both combined, or all ad valorem?

Mr. MALCOLM. I am in sympathy with the present method of taxation, a specific and an ad valorem tax.

Senator COUZENS. Have you any method of arriving at the foreign costs to compute the ad valorem tax?

Mr. MALCOLM. I do not think that I have, Senator Couzens. The conditions of the trade are the things that govern us very largely in regard to that matter.

Senator COUZENS. So you do not know how accurate the costs abroad are?

Mr. MALCOLM. But I am positive of the costs abroad; that is, as far as the importation of these papers is concerned.

Senator COUZENS. What countries are they imported from?

Mr. MALCOLM. From England exclusively, I am talking about.

Senator COUZENS. You know the costs there?

Mr. MALCOLM. I do not know the costs, but I know that the books of the two companies which I represent are open to the United States, to the customs inspector in England, and every invoice that comes through to me has their sworn declaration on it as to the home market value of the date that the goods are shipped from England to the United States.

Senator COUZENS. Is the existing rate computed on the difference in cost in England and the cost in this country?

Mr. MALCOLM. No, sir; it is on the foreign valuation and the home market value, sold at wholesale in the country of exportation.

Senator COUZENS. Have you any views as to the method that should be applied, whether the United States method, the American method or the foreign method?

Mr. MALCOLM. I can only say this, that so far as this duty on carbon paper or carbon tissue is concerned, there is no comparable substitute in this country. If we were depending on the American valuation we would be unable to find in this country a comparable article on which to base it.

Senator COUZENS. What does it compete with in this country? What does this British product compete with in this country?

Mr. MALCOLM. It practically competes with nobody. It is an article that is superior to anything made in this country, and is the basic product of the carbon-paper industry. This is a high-grade paper which I believe every one of the Senators use in their own offices. It is the basis of our entire carbon industry.

Senator COUZENS. Would you recommend that it be put on the free list?

Mr. MALCOLM. No, sir.

Senator COUZENS. What does it compete with? I understood the tariff was placed on it not for revenue purposes but for competitive reasons.

Mr. MALCOLM. I will tell you the reason why. Of course, there are manufacturers in this country who manufacture other carbon papers, carbon tissues, and the general course of the trade has been such that we have found our own way in the trade, and I would not ask that this carbon paper be put on the free list, and I am not asking to have it reduced. We have found our way in the industry, and we believe that the present rate of duty is fair and just to all.

Senator COUZENS. Is that the rate in the Hawley bill?

Mr. MALCOLM. No; the Hawley bill has an increase of 5 per cent ad valorem on papers of 6 pounds and under in weight.

Senator COUZENS. You are opposed to that?

Mr. MALCOLM. We are opposed to that; yes, sir.

Senator COUZENS. Whatever there is that provided the information for the Ways and Means Committee to raise this rate is in the hearings over there?

Mr. MALCOLM. Yes. Before I go any further, I am going to say that the carbon-paper industry did not file a brief with the Ways and Means Committee. We may be at fault in that connection, but we did not attempt to indulge in any smart tricks. It was simply not called to our attention.

This matter was thrashed out in 1921 by the officials of the United States Government and it was decided at that time that these importations of carbon tissue were not at that time affecting and were not likely to affect or injure the sale of American made carbon tissues.

Senator COUZENS. Was it those makers over here who applied to the Ways and Means Committee for an increase in the rate?

Mr. MALCOLM. That is what I tried to point out in the beginning, that this paragraph 1404 is providing for eight different classifications of paper, and because a paper which is known as condenser paper, which is used entirely in the electrical trade may need some further protection, that was done, and I was trying particularly to point out that phase of the situation, and because these carbon papers, are classified in the same category as condenser tissues they may take on the same rate of duty as condenser papers, and that is what one of my suggestions is going to be, that carbon tissue, or carbon paper be segregated from that list and be given a clause by itself, for two reasons.

The first reason I have stated, and the second is that new conditions having come into the trade since 1922, there is provision for heavier-weight papers being used in the carbon-paper industry than was in use when the 1922 tariff act was enacted.

So, as I have just been saying, the proposed tariff act suggests an increase of 5 per cent ad valorem on all papers, 6 pound and under. That will bring a heavy burden on the American carbon-paper manufacturers, which can not be absorbed, a higher price can not be charged for their products, and it must be absorbed by the carbon manufacturers themselves, for no good purpose. At the prices

charged by the American manufacturers of tissue, American tissue manufacturers in this country, for such goods as they make, of similar weight—not similar quality, but similar weight—are very much lower than the prices charged for the imported article, which I have set forth in my brief and which I will perhaps call to your attention a little later.

Senator WALSH. Have you got samples here of this paper?

Mr. MALCOLM. I do not have any of the uncoated paper, Senator Walsh, but I did just happen to put in some samples of coated paper [producing samples of carbon paper].

For instance, this is the lightest weight manufactured in this country. It is manufactured by the Smith Paper Co., at Lee, Mass.

This one is a foreign manufacture [indicating]. Just cast your eye over those for a moment. I think you will be convinced. The appearance of the back is what we go very largely by.

Senator WALSH. You claim that these do not compete with each other?

Mr. MALCOLM. No; one is 4½ pound, Senator Walsh, the lowest weight that is made in carbon tissue in this country. Here is the 3½-pound carbon paper, which is not made in this country. Now, this increased tariff would throw a 5 per cent increase in duty on those commodities which are not made in this country.

Senator WALSH. What is the difference in the price?

Mr. MALCOLM. I can very easily answer that question, Senator Walsh, because I have with me here the price list of the only three companies—now, I want to call attention just at this moment—I will come right to your point—

Senator WALSH (interposing). Go on in your own way.

Mr. MALCOLM. I want to call attention to the fact that while the brief filed by the American Tissue Manufacturers' Association, and by the tariff committee, a committee composed of five members, only three of those members, and only three of the entire list which they represent, are interested in carbon tissue, so far as I have been able to find out. They are—namely, the S. P. Warren Co., the Smith Paper Co., of Lee, Mass., and the C. H. Dexter & Sons (Inc.), of Windsor Locks, Conn. Those are the only three, yet five people signed the application, and there is a whole list of manufacturers underneath which looks very formidable, but when analyzed really means nothing. There are only three, and only one of those three manufacture low-weight carbon tissues. What I mean by "low weight" is under 6 pounds, which is affected by this proposed tariff. The other manufacture 7 and 8 pound tissues and heavier weight tissues, but the Smith Paper Co., of Lee, Mass., is the only manufacturer that manufactures a paper as low in weight as 4½ pounds.

I have their original price list right here which I will leave with you, but my brief shows a comparative United States selling price between the imported article and the domestic article. I have taken the Smith price because it is more extensive and somewhat higher in price than any of the others. I have given them the benefit in every case.

Senator WALSH. Have you drawn an amendment which would provide for separation of the carbon paper that comes in from

abroad and is used in this country and is not competitive with the domestically produced carbon paper?

Mr. MALCOLM. I will answer that in this way: That I do not consider—and I say it with all sincerity—that there is no carbon paper made in this country which competes directly in quality or in price with the imported paper.

Senator WALSH. Then your claim is that there is a certain amount of imported paper that is going to come into this country anyway, will be used here for certain purposes, and it in no way competes with the other carbon paper that is manufactured and sold here?

Mr. MALCOLM. I say to you, Senator Walsh, again with all sincerity and truth, that I do not believe that if you increased the duty 10 or 20 per cent, it would decrease the importation of these carbon papers one single pound.

Senator WALSH. What is the imported carbon paper used for?

Mr. MALCOLM. For making copies of letters, copies of briefs, and everything in the commercial world.

Senator WALSH. It is sold at a higher price in America than the American-produced carbon paper?

Mr. MALCOLM. Absolutely; yes, sir.

Senator WALSH. So certain groups in America purchase that paper because of its superior quality and are willing to pay a higher price than for any carbon paper produced in America?

Mr. MALCOLM. Absolutely. And not only some of them, but every single one of them, and it is the basis, the fundamental raw product—I want to impress that upon you, gentlemen, that it is the raw product of the carbon manufacturers, while it is the finished product of the tissue-paper manufacturers.

Senator WALSH. So that increasing the duty on the domestic carbon paper for the benefit of the carbon industry would simply amount to shutting out the use of a superior paper that certain Americans want to use, and will use anyway, no matter what the price is?

Mr. MALCOLM. It would not shut it out.

Senator WALSH. They would use it, no matter what the price is?

Mr. MALCOLM. They would use it regardless of price, but the carbon manufacturer could not increase his price to the consumer, and it would simply be taking the money out of the carbon-paper manufacturer's pocket and putting it into the revenues of the United States, which I do not think is the function of the tariff act.

Senator THOMAS. Why can not American interests produce as good a quality of carbon paper as foreign interests?

Mr. MALCOLM. All that I can say, Senator Thomas, is this, that they have tried for many years to do it, and I am sorry that they can not do it. Now, I am an American. I believe in an American tariff, American protection, American everything, but they have not been able to do it. When they are able to do it, then we will all concede it. Now, I do not want anyone to get the impression that we do not use American products. We do, but we use it on the cheaper grades of carbon paper, where people will not pay the price of the foreign commodity. And there is more carbon tissue sold by these three manufacturers to the carbon manufacturers than there is imported paper.

Senator THOMAS. If the price element is not a factor, could American factories produce carbon paper that would be comparable to foreign articles?

Mr. MALCOLM. They have tried for many years, Senator, 30 years, to my personal knowledge, and have been unable to do it. Four pounds and a half is the lowest they have been able to get. And foreign mills produce carbon paper, which is a very intricate process, as low as three pounds and a half, as I have just demonstrated to you there.

Senator THOMAS. Then a higher tariff would not permit the manufacture of a better quality of carbon paper in America, in your opinion?

Mr. MALCOLM. They have margin enough now, Senator. I am going to show you that they have margin enough now on which to experiment if they wish to experiment.

Senator THOMAS. Then the practical result of this increased duty would be, first, the probable raising of the price of the American manufactured product, and the assured raising of price of the foreign product to the American consumer?

Mr. MALCOLM. To the American manufacturers of carbon paper the foreign price would be higher, and doubtless if the foreign price went up, the American carbon manufacturers would naturally raise their price just a little bit, just to make a little more money, to make a few more millionaires in the paper business.

Senator THOMAS. Then it is your judgment that there is no particular occasion or reason that justifies this increased, proposed increase of tariff duty?

Mr. MALCOLM. Absolutely none, Senator.

Senator THOMAS. While I am asking questions, let me ask you a question relative to paragraph 1409.

Mr. MALCOLM. Yes, I am coming to that.

Senator THOMAS. The last line in paragraph 1409, line 21, the words "paper not specially provided for, 30 per cent ad valorem." Is that phrase intended to apply to all paper under this schedule or just the paper included in paragraph 1409?

Mr. MALCOLM. You are asking a question, Senator, that the customs authorities themselves have been in question about for years, and if they can not answer it I certainly could not be expected to. But I want to say that I am coming to that point right now, because of this change in conditions which I have intimated, in reference to heavier weights of papers being used.

Senator THOMAS. You mentioned a while ago too, before we get away from it, the term "sharp tricks," intimating, to me at least, that perhaps other witnesses before the committee might indulge in some such practices. Just what did you mean by that?

Mr. MALCOLM. I do not recall that I said anything about "sharp tricks."

Senator THOMAS. I got the impression that perhaps other witnesses were coming before the committee and were not telling all they knew.

Mr. MALCOLM. Oh, no, Senator; I do not wish to intimate anything of that sort.

Senator THOMAS. I wanted to clear that up.

Mr. MALCOLM. If I said anything about sharp tricks in reference to anyone coming before the committee, I withdraw it right now. I have no such intention in the world.

Senator THOMAS. Well, I wanted to clear that matter up.

Mr. MALCOLM. If I said "sharp tricks," I am very sorry.

Senator THOMAS. It was used in an opening statement.

Mr. MALCOLM. Well, I did not mean any such thing.

Now, coming to your paragraph, Senator, 1409, on page 174, line 24, of the proposed tariff act, since the enactment of the 1922 tariff act, papers of heavier weights for typewriter use have come into existence on account of the new devices invented by typewriter companies such as the Elliott-Fisher and Underwood. They are billing devices, which are very severe on carbon paper, which have a tendency to cut the carbon paper through; if the carbon paper is not of a very strong texture and made particularly to suit that requirement, it will cut through and cause complaints. Therefore, carbon papers are now commonly used in weights on these typewriters and other billing devices as high as 12, 14, and 15 pounds, and within the last few months there has been a requirement for carbon paper even as heavy in weight as 20 pounds to the ream, according to the paragraph stated.

By referring back to paragraph 1304 you will see that that paragraph only provides for weights of paper as high as 10 pounds in weight. Now, there is nothing in paragraph 1304 of the 1922 tariff act, or the proposed paragraph 1404, which takes care of this situation, and the other papers which are listed in here under "Stereotype," which is a lightweight paper, copying papers, which are naturally lightweight paper, Bible and India papers, which I do not complain about—condenser papers are naturally of a light weight, because they are to be wound around electrical devices and have to be packed in very small space, such as radios, and so forth, that naturally have to be lightweight. Pottery papers are naturally of a light weight.

So carbon paper does not fit into that category any longer. It is not any longer a part of that paragraph. That is as far as I will go now. I will indicate that later, line 24, where it ends with "ad valorem," and starts in on India papers.

Now, what I am proposing, and what I have proposed in my brief, I have rewritten that entire paragraph in my brief, and I am providing for an increase, for a special classification for carbon tissues, carbon papers. They are classified as carbon papers, and I use them still as carbon papers, because the paragraph says "coated or uncoated," and I am providing in my brief a substitute for paragraph 1404, simply in regard to carbon tissue, and it affects in no way any other commodity mentioned in that paragraph.

Senator THOMAS. You are familiar with the entire paper trade, are you not, and paper industry?

Mr. MALCOLM. Only incidentally, Senator. Having been for 30 years interested in carbon paper, I have heard more or less talk about it.

Senator WALSH. Will you read your amendment?

Mr. MALCOLM. Yes. Shall I read the whole paragraph or simply start with my amendment?

Senator DENEEN. Are you reading 1409?

Mr. MALCOLM. No; 1404.

Senator WALSH. Just read your amendment.

Mr. MALCOLM. I am suggesting that carbon paper in the future be not classified under 1409, but that it be provided for in 1404.

Senator DENEEN. Where is your amendment?

Mr. MALCOLM. I insert it on page 164, line 26, just before it says, "India and Bible papers weighing 10 pounds and more."

Senator THOMAS. That does not conform to our copy here.

Mr. MALCOLM. Well, this is simply a confidential print for the committee.

Senator DENEEN. We have another copy here. It will be page 165 in ours. Read it again and we will find the place. It is 165, after "India and Bible paper weighing 10 pounds and more"?

Mr. MALCOLM. Just before that.

Senator DENEEN. You state the words; we will find it.

Mr. MALCOLM. Just before "India and Bible papers weighing 10 pounds or more."

Senator DENEEN. Now what do you insert?

Mr. MALCOLM. Right after "ad valorem" and before "India and Bible papers," insert:

carbon papers coated and uncoated, weighing not over 6 pounds to the ream, and whether in reams or in any other form, 6 cents per pound and 15 per cent ad valorem; weighing over 6 pounds and less than 10 pounds to the ream, 5 cents per pound and 15 per cent ad valorem; weighing 10 pounds and less than 12 pounds—

this is where the change comes in—

twelve pounds to the ream, 3 cents per pound and 15 per cent ad valorem; weighing 12 pounds and less than 17 pounds to the ream, 2 cents per pound, and 15 per cent ad valorem; weighing 17 pounds and less than 20 pounds to the ream, 15 per cent ad valorem.

In the paper industry it is a well-known fact that as the weight of paper increases the product also increases in bulk; therefore the cost of manufacture of a lightweight paper is very much more than the weight of a heavier paper, and that is the reason the domestic prices are lower—the foreign prices are lower—and that is the reason that I have suggested that sliding scale—in fact, the sliding scale in the tariff act of 1922 was invoked. It slid from 6 pounds with a falling specific duty up to 10 pounds to the ream, so I propose to take care of this new condition by a continuous sliding scale, jumping from 10 to 12, 12 to 17, 17 to 20, with no specific duty from 17 to 20 pounds.

Senator WALSH. Which is the paper that is imported?

Mr. MALCOLM. Yes.

Senator WALSH. And you claim is not competing with the American product?

Mr. MALCOLM. I still claim so, and I will show you in my comparative schedule the comparative lower prices at which these papers are sold. But I want to go on record as stating that these heavier-weight papers above 15 pounds, the demand has only just begun on them within the last six months, I will say. But it is going to grow,

it is bound to grow, because the industry is such that these papers are going to be absolutely necessary in order to meet the new requirements brought about by the new inventions of the typewriter manufacturers.

Now, I wonder if I could just pass these briefs, which I propose to leave with you, around to the different Senators? I just want to call your attention to these comparative prices.

As I have said before, I have the original price lists from the three carbon paper manufacturers, American Carbon Paper Tissue Manufacturers, from which these prices are all taken, and I will be very glad to leave the original price list with you.

As I explained before, I am the importer of these papers and I want to go into that just a little bit more, just to clarify your minds in reference to it, so you won't think that I have such a tremendous personal interest in this matter. I was appointed in 1919 by the carbon manufacturers to import these goods for their protection. So the prices are just as low as they can be.

Senator WALSH. Why should they ask you to import them for their benefit?

Mr. MALCOLM. I will tell you, Senator. I did not intend to refer to it unless asked, but during the war the former agent charged an exorbitant price—the papers were very difficult to get, and he charged an exorbitant price, and the carbon manufacturers thought that they also were discriminated against and that certain ones of them, certain carbon manufacturers, who were not quite in as good favor as somebody else, got less of the imported paper, and therefore it damaged their business to a considerable extent, and when the war was over and everything got simmered down I was selected to represent the carbon manufacturers in the purchase and distribution of these papers in this country.

Senator WALSH. The carbon manufacturers and purchasers of these papers?

Mr. MALCOLM. Yes, sir; they are the only ones.

Senator WALSH. So the very same manufacturer that makes the domestic paper of the different quantities buys from you?

Mr. MALCOLM. Oh, no; Senator. It is the carbon manufacturers. You see, there is the manufacturer of the tissue paper in this country, which is our raw material, but the carbon manufacturers purchase this paper from me and also purchase the domestic carbon tissue from the other American tissue manufacturers.

Senator THOMAS. I would like to ask a question about this: Where is the material made that is the important part of carbon paper?

Mr. MALCOLM. You mean the coated part?

Senator THOMAS. Yes; the part that is of value.

Mr. MALCOLM. It is made in this country. Each one of us makes it, all of the 32 manufacturers. We buy our raw materials and make up the formulas and do the coating. The carbon tissue is a raw material to us.

Senator THOMAS. That is the paper?

Mr. MALCOLM. That is the paper. The carbon tissue is the raw material. We take that and we coat it and convert it into carbon paper.

Senator WALSH. And then you include in your stock some of the foreign carbon paper?

Mr. MALCOLM. Oh, yes.

Senator WALSH. So that when a customer comes, you have your domestic paper, and you have your foreign paper?

Mr. MALCOLM. Yes. And it is different grades of paper, as I have said before, and I want to impress that, I want to make it certain that you understand it.

Senator THOMAS. Under this arrangement, then, there is really no competition between the local American carbon product and the foreign product, is there?

Mr. MALCOLM. I claim not, Senator. I claim that the American manufacturers are selling just as much of their products as they can possibly sell, regardless of duty.

Senator WALSH. Is there anybody here claiming otherwise?

Mr. MALCOLM. I do not think so.

Senator WALSH. Is there anybody here in opposition? Is there anybody in the room in opposition?

Mr. VAN WYCK. I would not say any opposition, Senator Walsh, but I think there are some points that ought to be clarified.

Senator WALSH. I just want to save time.

Senator DENEEN. I am going to ask you, Mr. Malcolm, to go right to the point. We have spent an hour on this now and we must get through this week. Please state the facts without argument.

Mr. MALCOLM. I have no desire to continue any longer than is necessary. I would just like to refer to this list here that I have given. I have taken it because of the fact that the Smith Paper Co., of Lee, Mass., have the largest range of weights of paper, and also I think in most instances—they are in every instance—the highest priced American tissue paper manufacturers, and they have the greatest range because they manufacture some papers as low as 4½ pounds, as their price list will show. But there is still the 4-pound and 3½-pound papers, which are not manufactured in this country and which this proposed increase in duty would affect.

You will see, the first item is not made in this country at all. On the second item there is 12 cents difference in price in favor of the foreign.

The next two weights are not made in this country.

The next one shows a 25-cent price over and above the American product.

The next two items are not made in this country.

The next item shows a 7-cent—that is 4½-pound—shows a 7-cent increase.

The next item shows 11 cents. The next weight is not made in this country.

Senator DENEEN. Well, the paper tells its own story.

Mr. MALCOLM. Yes, it tells its own story. I just wanted to show the working of it. And it goes as high, Senator, as 43 cents a pound difference between the imported paper on these heavier weight papers that I have been talking about. The price goes up when it should come down. That is where the difficulty is.

Senator THOMAS. Do I understand you to say that not only the foreign interests do not ask for a tariff, which they naturally would

not, but the manufacturing interests locally do not ask for this last tariff protection?

Mr. MALCOLM. You mean the American tissue manufacturers?

Senator THOMAS. The American carbon paper manufacturers.

Mr. MALCOLM. Oh, no; they do not want any increase. The carbon manufactureres do not want any increase. We are satisfied to leave it as it is.

Senator THOMAS. Can you advise the committee who is responsible for this increase being in the bill before us?

Mr. MALCOLM. Yes; what is known as the American Tissue Paper Manufacturers' Association filed a brief with the Ways and Means Committee which provided for an increase not only on the 6-pound and under but on all these various weights of paper, but the Ways and Means Committee only granted them an increase of one weight, and that was on the 6-pound and under, on the classification of 6 pounds and under. They allowed them 5 per cent ad valorem.

Senator WALSH. And because this carbon paper is in the same paragraph, you got the effect of that increase?

Mr. MALCOLM. Yes; because it is carbon paper, and that is the reason I am asking that it be segregated from these other papers, which are foreign to the other goods.

Senator DENEEN. That is really the point. The others had a hearing; you did not have a hearing, and because your item was in that class, in that paragraph, it was carried with it?

Mr. MALCOLM. Absolutely.

Senator DENEEN. That is the only point then, that it ought to be segregated and you ought to have a new paragraph?

Mr. MALCOLM. Or a new clause in the old paragraph.

Senator DENEEN. That is the whole point here.

Mr. MALCOLM. That is the whole point.

Senator THOMAS. Is there any difference upon that matter?

Mr. VAN WYCK. It should have some clarification, I think.

Senator DENEEN. Let us confine the testimony to that one point, then.

Have you covered everything now?

Mr. MALCOLM. Yes, sir.

Senator THOMAS. I just want to ask one more question. The degree of prosperity not being enjoyed by the industries which you represent does not demand any change in the present duty?

Mr. MALCOLM. No, sir; we would like to be left entirely alone, in our own sweet way.

Senator DENEEN. And you have the paragraph that you will submit to the committee?

Mr. MALCOLM. It is in this brief.

(Mr. Malcolm submitted the following brief:)

BRIEF OF AMERICAN MANUFACTURERS OF CARBON PAPER

When the schedule on tissue paper was before the Ways and Means Committee of the House of Representatives we failed to file a brief in connection with this matter, but later sent copy of memoranda to the committee treating with this subject.

We have noted the proposed change in paragraph 1304 of the tariff act of 1922 in connection with carbon tissue, which provides for a change from 6 cents per pound and 15 per cent ad valorem to 6 cents per pound and 20 per cent ad valorem, on tissue paper weighing not over 6 pounds to the ream. This is an increase of 5 per cent ad valorem over the tariff act of 1922, and we feel that this increase is entirely unwarranted so far as carbon tissue is concerned. Many kinds of tissue are classified for duty under paragraph 1304. The domestic manufacturers of carbon paper are concerned only in so far as this paragraph relates to the rate of duty on carbon tissue, and it is of great importance to us that there be no increase in the rate of duty on carbon tissue, because—

(a) The prices of the American manufacturers for their carbon tissues are much less on all grades than the prices of the imported product. It is, therefore, apparent that the American tissue paper manufacturers need no increased protection on any imported carbon tissue; in fact, in the interest of the great consuming public, the rate might well be reduced.

(b) The amount of imported tissue of all kinds, including carbon tissue, is practically negligible.

(c) The proposed increase in the rate of duty throws a heavier tax on grades of paper which are not manufactured in this country, namely, 3½ and 4 pound carbonizing tissue.

(d) The grades of carbon tissue imported into this country are finer than the qualities made in this country, and, therefore, do not compete with any American product.

(e) The foreign-made carbon tissue is very superior to that made by the American tissue paper manufacturers. Although we say it with some hesitation, the American tissue manufacturers have tried for many years to make a similar product, but up to now they have not been successful. The American carbon manufacturers, therefore, are obliged to, and do, purchase imported carbon tissue at a much higher price than they pay for the American product, because the imported product will make better carbon paper than that made by the American tissue paper manufacturers. Carbon paper made from the imported tissue naturally sells for more than carbon paper made from the American product; nevertheless, the consumer of carbon paper made from the imported tissue would not purchase this product at a premium unless the product was worth the price paid.

(f) Any increase in rate of duty on carbon tissue would add to the burden of the American carbon manufacturers for no good reason whatsoever. The manufacturer of carbon paper in the United States has grown to be a very substantial industry. Everything should be done to foster its development and not restrict it. As American manufacturers, we are thoroughly in accord with the Tissue Paper Manufacturers' Association for adequate protection on any imported product which competes directly with those made in this country. We do, however, want to point out, and strongly, that they have made and can make no case whatsoever in support of the present rate of duty, much less for an increased rate of duty on carbon tissue.

(g) The entire importations of all kinds of tissue paper, including carbon tissue, in 1928 amounted to about 1,616 tons only, while the American tissue paper manufacturers claim to have produced and supplied to the American market 325,000 tons; therefore, the entire consumption of tissue paper in the United States in 1928 was about 326,616 tons. This amount divided into the 1,616 tons imported gives the low percentage of 0.0049 imported tissues of all kinds, including carbon tissues.

In other words, the American tissue manufacturers control the entire consumption of tissue papers in the United States with the exception of forty-nine one-hundredths of 1 per cent, or they supply 99.51 per cent of the entire consumption of all tissue papers in the United States. It seems to us that an industry that can boast of controlling 99.51 per cent of the entire United States consumption of light-weight tissues has no cause for complaint regarding competition from foreign countries.

The industry of making tissue paper in the United States is not being, and is not likely to be, injured by the reason of importation into the United States of carbon tissues from abroad, as the imported paper is only purchased by the American carbon paper manufacturers where there is no comparable substitute.

If it is felt that it is necessary to increase the duty on some class or classes of paper other than carbonizing tissue, we would respectfully request that carbon tissue be given a separate classification, which we propose below.

Since the tariff act of 1922 was enacted new conditions have developed in the carbon industry, which require carbon tissues varying from 10 to 20 pounds to the ream in weight. This was an unknown condition seven or eight years ago when no carbon tissue weighing more than 10 pounds was required. There is nothing in paragraph 1304 of the 1922 tariff act, or the proposed change in paragraph 1404, which provides for this condition. Carbon tissues which should be classified under paragraph 1304 are now classed for duty under paragraph 1309. We would refer you to page 171, line 24, which reads:

"Papers not specially provided for, 30 per centum ad valorem." We can not believe that it was the intention, when the tariff act of 1922 was written, that carbon tissues over 10 pounds in weight should be classified under paragraph 1309. We feel that these new conditions should be provided for and the rate of duty proportionately decreased as the weight of the paper increases. It is axiomatic in the paper industry that as the weight of paper increases, the cost of production decreases in far more than a direct ratio; therefore, the cost of production of heavier weight papers is very much less than that of the lighter weights.

We maintain, therefore, that there is no reason for an increase in the rate of duty on lightweight carbon tissues, because of the reasons given above, and that paragraph 1304 should be changed to provide for the new conditions requiring heavier weights of carbon tissue than existed in 1922. We therefore respectfully submit a substitute for paragraph 1304 of the tariff act of 1922 and the proposed change under paragraph 1404, as follows:

"PAR. 1404. Papers commonly or commercially known as tissue paper, stereotype paper, and copying paper, india and bible paper, condenser paper, bibulous paper, pottery paper, tissue paper for waxing, and all paper similar to any of the foregoing, not specially provided for, colored or uncolored, printed or unprinted, weighing not over 6 pounds to the ream, and whether in sheets or any other form, 6 cents per pound and 20 per cent ad valorem; weighing over 6 pounds and less than 10 pounds to the ream, 5 cents per pound and 15 per cent ad valorem; carbon paper, coated and uncoated, weighing not over 6 pounds to the ream, and whether in reams or any other form, 6 cents per pound and 15 per cent ad valorem; weighing over 6 pounds and less than 10 pounds to the ream, 15 per cent ad valorem; india and bible paper weighing 10 pounds and less than 12 pounds to the ream, 3 cents per pound and 15 per cent ad valorem; weighing 12 pounds and less than 17 pounds to the ream, 2 cents per pound and 15 per cent ad valorem; weighing 17 pounds and less than 20 pounds to the ream, 15 per cent ad valorem; india and bible paper weighing 10 pounds or more and less than 18 pounds to the ream, 4 cents per pound and 15 per cent ad valorem; crêpe paper, commonly or commercially so known, including paper crêped or partly crêped in any manner, 6 cents per pound and 15 per cent ad valorem: *Provided*, That no article composed wholly or in chief value of one or more of the papers specified in this paragraph shall be subject to a less rate of duty than that imposed upon the component paper of chief value of which such article is made: *Provided further*, That the term 'ream,' as used in this paragraph, means 288,000 square inches."

We wish to call attention to the fact that there are only three American tissue paper manufacturers who produce carbonizing tissues.

We are attaching for your convenience a comparative price list of the most important importer of carbon tissue and the highest priced American manufacturer of carbon tissues showing the prices at which these articles sell. We are further attaching copies of the price lists of the three American producers of carbonizing tissues. From these price lists you will see that in every instance the American manufacturers charge a much less price for their product

than the foreign product sells for not only in the lightweight tissues but also to a greater extent, in the heavier weight tissues.

Respectfully submitted.

Tariff Committee of American Carbon Paper Manufacturers, by George F. Malcolm, chairman, representing the following manufacturers: Allen & Co., New York, N. Y.; Allied Ribbon & Carbon Manufacturing Co., New York, N. Y.; American Manifold Products Corporation, Chicago, Ill.; American Ribbon & Carbon Co., Rochester, N. Y.; American Sales Book Co., Niagara Falls, N. Y.; The Ault & Wiborg Co. Cincinnati Ohio; The Buckeye Ribbon & Carbon Co., Cleveland, Ohio; The Carter's Ink Co., Cambridge, Mass.; Codo Manufacturing Corporation, Coraopolis, Pa.; Columbia Ribbon & Carbon Manufacturing Co., New York, N. Y.; Crown Ribbon & Carbon Manufacturing Co., Rochester, N. Y.; Kee Lox Manufacturing Co., Rochester, N. Y.; A. P. Little, (Inc.), Rochester, N. Y.; Manifold Supplies Co., Brooklyn, N. Y.; Miller-Bryant-Pierce Co., Aurora, Ill.; Mittag & Volger, (Inc.), Park Ridge, N. J.; Neidlich Process Co., Burlington, N. J.; Old Town Ribbon & Carbon Co., Brooklyn, N. Y.; Pacific Carbon & Ribbon Co., San Francisco, Calif.; Phillips Ribbon & Carbon Co., Rochester, N. Y.; Remington, Rand (Inc.), New York, N. Y.; Stenno Ribbon & Carbon Manufacturing Co., Portland, Oreg.; Vacuo Static Carbon Co., Rochester, N. Y.; F. S. Webster Co., (Inc.), Boston, Mass.; Western Carbon Paper Manufacturing Co., Los Angeles, Calif.; Write (Inc.), Bridgeport, Conn.

Difference in prices between George F. Malcolm (Inc.) and Smith Paper Co.

[NOTE.—George F. Malcolm, Inc.: Terms of payment, net cash f. o. b., warehouse. Smith Paper Co. Terms of payment, 2 per cent, 30 days; 60 days net; freight prepaid. The prices below are for shipment in case lots; add 5 cents per pound for less than case lots.]

ASTRO

George F. Malcolm (Inc.)	Price	Smith Paper Co.	Price	Difference
4-pound white.....	\$0.90	Do not make.....		
4½-pound white.....	85	Smith white, extra thin.....	\$0.73	\$0.12
5½-pound white.....	80	do.....	68	12
5¾-pound white.....	80	Do not make.....		
6¼-pound white.....	79	do.....		
8-pound white.....	77	8-pound Smith white carbon.....	52	25

TOROSUS

3½-pound white.....	\$0.92	Do not make.....		
4-pound white.....	86	do.....		
4½-pound white.....	80	Smith's white, extra thin.....	\$0.73	\$0.07
5½-pound white.....	79	White, Smith's light weight.....	68	11
6¼-pound white.....	78	Do not make.....		

TOROSUS PURPLE

4-pound purple.....	\$0.92	Do not make.....		
4½-pound purple.....	92	do.....		
5½-pound purple.....	85	do.....		
6¼-pound purple.....	.85	No. 115 purple English type carbon.....	\$0.73	\$0.12
8-pound purple.....	.75	Do not make.....		
8½-pound purple.....	.75	No. 115 purple English type carbon.....	.68	.07

Difference in prices between George F. Malcolm (Inc.) and Smith Paper Co.—
Continued

TOROSUS BLUE

George F. Malcolm (Inc.)	Price	Smith Paper Co.	Price	Difference
4-pound blue.....	\$0.92	Do not make.....		
4½-pound blue.....	.92	No. 115 blue English type carbon.....	\$0.78	\$0.14
5½-pound blue.....	.81	do.....	.73	.08
6½-pound blue.....	.81	do.....	.73	.08
8-pound blue.....	.75	Do not make.....		
8½-pound blue.....	.75	No. 115 blue English type carbon.....	.68	.07
10-pound blue.....	.75	do.....	.68	.07
11½-pound blue.....	.75	Do not make.....		

TOROSUS BLACK

4-pound black.....	\$1.06	Do not make.....		
5½-pound black.....	.91	5½-pound black.....	\$0.73	\$0.18
8-pound black.....	.80	8-pound black.....	.65	.15

MALCOLM SPECIAL

7¾-pound and 8-pound white.....	\$0.67	8-pound English type carbon.....	\$0.50	\$0.17
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MALCOLM SHEEPSKIN

10-pound and 11-pound white billing.....	\$0.66	11-pound white billing carbon.....	\$0.23	\$0.43
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MALCOLM BILLING WHITE

10-pound E-19.....	\$0.72	11-pound and 15-pound Smith white carbon.....	\$0.50	\$0.22
12-pound E-21.....	.72			
14-pound E-20.....	.72			

The Smith Paper Co., Lee, Mass., December 14, 1928

	Cents
8-pound parchment type carbon.....	85
8-pound blue parchment type carbon.....	38
11-pound blue parchment type carbon.....	37
8-pound purple parchment type carbon.....	38
9-pound No. 50 parchment type carbon.....	34
9-pound No. 50 blue parchment type carbon.....	37
9-pound No. 51 blue parchment type carbon.....	37
10-pound B-blue parchment type carbon.....	37
9-pound No. 50 purple parchment type carbon.....	37
9-pound No. 51 purple parchment type carbon.....	37
10-pound M-purple parchment type carbon.....	37
4½-pound white, Smith's extra thin.....	73
5½-pound white, Smith's lightweight.....	68
7-pound Smith's white carbon.....	55
8-pound Smith's white carbon.....	52
11-pound Smith's white carbon.....	50
15-pound Smith's white carbon.....	50
4½-pound blue, Smith's extra thin carbon.....	78
5½-pound blue, Smith's lightweight carbon.....	73
8-pound Smith's blue carbon.....	60
15-pound Smith's blue carbon.....	55
8-pound Smith's purple carbon.....	60
4½-pound No. 115 white English type carbon.....	73
5½-pound No. 115 white English type carbon.....	68
8½-pound No. 115 white English type carbon.....	68
11-pound No. 115 white English type carbon.....	63
4½-pound No. 115 blue English type carbon.....	78
5½-pound No. 115 blue English type carbon.....	73
6½-pound No. 115 blue English type carbon.....	73

	Cents
8½-pound No. 115 blue English type carbon.....	68
10-pound No. 115 blue English type carbon.....	68
6½-pound No. 115 purple English type carbon.....	73
8½-pound No. 115 purple, English type carbon.....	68
8-pound English type carbon.....	50
11-pound Greylock carbon.....	40
11-pound blue Greylock.....	45
11-pound white billing carbon.....	23
10-pound blue billing carbon.....	27
5½-pound black.....	73
8-pound black.....	65
14-pound black.....	60
15-pound redback carbon.....	19
11-pound whiteback carbon.....	20
15-pound whiteback carbon.....	18
20-pound whiteback carbon.....	18
11-pound blueback carbon.....	21
15-pound blueback carbon.....	19
11-pound purpleback carbon.....	21
15-pound purpleback carbon.....	19

Terms: 2 per cent 30 days from date of invoice; net, 60 days; freight prepaid.

S. D. Warren Co., Boston, Mass., March 23, 1929.

	Cents
Tudor white, 8-pound.....	62½
Tudor blue, 8-pound.....	68¼
Arrowhead white, 8½-pound.....	53½
Arrowhead blue, 8½.....	58½
Sheepscot natural, 9-pound.....	33½
Sheepscot colors, 9-pound.....	36
Maquoit natural, 9-pound.....	27½
Maquoit colors, 9-pound.....	30½
Pemaquid white, 11-pound.....	23
Pemaquid blue, 11-pound.....	26
Sebago white, 12-pound.....	37½
Belgrade white, 15-pound.....	32½
Oxbow white, 15-pound.....	17½
Oxbow blue, 15-pound.....	18½
Rosemont red, 15-pound.....	15
Lubec white, 12-pound.....	18½

Prices on Lubec and Rosemont in larger quantities than 20 rolls of one item will be supplied upon request.

C. H. Dexter & Sons (Inc.), Windsor Locks, Conn.

	Cents
Puritan white, 9-pound.....	57
Puritan white, 12-pound.....	55
Windsor white, 8½-pound.....	35
Windsor white, 12-pound.....	33
Windsor manila, 8-pound.....	35
Windsor blue, 8-pound.....	38
Windsor purple, 8-pound.....	38
Manhattan manila, 9-pound.....	35
Manhattan blue, 9-pound.....	38
Manhattan purple, 9-pound.....	38
Newgate manila, 8-pound.....	35
Newgate purple, 8½-pound.....	38
Suffield white, 11-pound.....	24
Nutmeg blue, 11-pound.....	22
Nutmeg white, 14-pound.....	19
Enfield white, 15-pound.....	18
Light weight Enfield white, 12-pound.....	19

Stocked in 18-inch and 26-inch rolls. Special sizes to order.

Terms: F.o.b. mill or New York warehouse; 2 per cent discount cash 30 days.

DECORATED PAPER

[Par. 1405]

STATEMENT OF WINTHROP L. CARTER, NASHUA, N. H., REPRESENTING THE GLAZED AND FANCY PAPER MANUFACTURERS ASSOCIATION

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

Mr. CARTER. I am president of the Nashua Gummed & Coated Paper Co., of Nashua, N. H., and vice president of Carter, Rice & Co., of Boston. I am representing my own companies and also the Glazed and Fancy Paper Manufacturers Association.

Senator WALSH. How many are there in that association?

Mr. CARTER. There are 22 members in that association, and there are either 5 or 6 who are not members of that association.

We are paper converters and finishers, and our industry should not be confused with the basic manufacture of raw paper. Raw paper is a small element of cost in our product. Our principal factors of cost are bronzes, dies, engravings, etchings, embossing equipment, and the creative ability to make specialties. The industry is a small industry but it is an old one. My firm was established in 1849.

I have here an exhibit of the class of papers that we manufacture.

Senator THOMAS. By "manufacture" you mean process?

Mr. CARTER. Well, it is our product; yes. We buy the raw paper and then we put this decoration on it.

Senator DENEEN. Will you leave that with the committee as an exhibit?

Mr. CARTER. I will.

Senator DENEEN. We will have it marked "Exhibit 1."

Senator WALSH. In what field are these papers used?

Mr. CARTER. These papers are used largely for covering boxes, candy boxes and jewel boxes. This class here is used for lining envelopes for Christmas cards.

Senator WALSH. That is sufficient.

Mr. CARTER. They are used for things of that character.

Fundamentally our business was a coated-paper industry and these were our principal products, as shown in the upper part of the exhibit, plain papers finished in a variety of colors.

Then were introduced these decorated papers from abroad, which were decorated on a coated paper.

Then came the metal papers. Then this class of papers which are decorated in the pulp, and finally this class of paper here, which is an uncoated paper and decorated by various means of printing and embossing.

In the 1922 tariff act we received an average protection on this class of papers here, which was then the backbone of our industry—

Senator DENEEN (interposing). Mr. Carter, none of that will appear in the record in an intelligible way. Identify the papers as you go along, so that we may follow you in the record.

Mr. CARTER. Fundamentally, the plain glazed colored papers were the backbone of our industry. In the 1922 tariff act we received an

average protection of 55 per cent, that being the average of the specific plus the ad valorem duty on an average price of a foreign paper.

Senator DENEEN. On that classification?

Mr. CARTER. Yes. On the surface coated, decorated papers, we received an average protection of 35 per cent.

On the metal papers we received an average protection of 32.5 per cent.

On the papers decorated in the pulp we received 20 per cent, and on the printed and embossed, uncoated papers, we received 32 per cent.

The protection received on all classes of paper, with the exception of the surface coated in plain colors, was inadequate to meet foreign competition, but it was a matter of relatively small importance to us in the last tariff act, as this class of decorated papers was not used to any great extent and the importations were small. Now the situation has radically changed, and in the past five years, from figures obtained from Government sources, the importations of these decorated papers has increased 5,000 per cent; in the 1923 importations, \$7,700; in 1924, \$43,000; in 1925, \$70,500; in 1926, \$165,000; in 1927, \$374,000, and in 1928, \$398,000.

This matter is serious to us in two ways. First, because we can not compete on a class of paper which seems to be growing in popularity. And second, because the consumption and use of these papers is substituting and undermining what has been the backbone of our industry, namely, the surface coated solid colored paper.

Senator DENEEN. You mean the increase in the use of the decorated class?

Mr. CARTER. Of the decorated class, yes. My company started the manufacture of these decorated papers in 1927, and in that year we did a business of substantial volume and profit. In 1928 our volume and profit was cut in half, and three weeks ago, at a full review of our experience for the year 1929, we decided to discontinue entirely the manufacture of these decorated papers, as we were unable to compete with the papers being imported.

Paragraph 1405, or that part of it which refers to our industry, does not clearly designate and classify these decorated papers. The language of that paragraph was largely developed to cover the surface-coated papers of solid color and high finish. There has been ambiguities as to the classification of these decorated papers. There have been one or two—I do not know whether I would call them "Treasury suits," or just what the term is, but papers that were brought in and the tariff that was assessed on the paper was questioned and hearings were held—such a paper as this pearl paper, and the duty was assessed on it at a lower rate than apparently would be called for in the paragraph. There also have been several cases where importations of this class of paper have been brought in as wall paper.

Senator DENEEN. That is, the decorated?

Mr. CARTER. The decorated. This takes a lower rate of duty.

We are therefore asking two things: First, that the language of the paragraph be so changed as to clearly designate and classify these different papers. We not only want them classified as to variety, but we ask for a further classification as to weight. The testimony here

this morning in other branches of the paper industry has shown that so far as the American manufacturer is concerned, we can not make in this country these papers of light weight as cheaply as they are made abroad, and therefore in this particular class of decorated papers, which are manufactured on light-weight stocks, we are at a distinct disadvantage. This difference in weight was recognized in the paragraph in the bill of 1909 referring to metal papers, and in that bill metal papers were classified, one class being those weighing more than 15 pounds to the ream and the second class those weighing less than 15 pounds to the ream.

Senator WALSH. Do you buy this extremely light weight from importers?

Mr. CARTER. Yes. I think, however, you may not quite clearly understand me. We do not buy the light weight body stock.

Senator WALSH. I took your answer to mean that you did.

Mr. CARTER. The point I am making is that these papers, the light weight decorative papers, are imported here completely finished, the finished articles, and we are unable to compete against them. We can not buy the light weight body stock in this country, nor can we import it under its present rate of duty and obtain it cheaply enough to manufacture and sell a finished article against the finished imported article.

Senator WALSH. No matter what the duty would be?

Mr. CARTER. Well, that would be a broad statement.

Senator WALSH. Would it be so high that it would be prohibitive?

Mr. CARTER. The duty on finished papers could be raised to such an extent that we could afford to use American body stock, or the duty on the raw body stock could be reduced to such an extent that we could use it. But we are not particularly interested in the duty on the body stock. We are concerned with the finished product.

We are asking, therefore, for a change in phraseology of this paragraph that would clearly designate these different classes of paper and, further, that will provide our industry with statistics of importation that will mean something to us.

We are further asking that an increase in rates be made that will give us adequate protection.

Senator DENEEN. May I ask you: How can you get the statistics until it is classified more in detail? I understand that the department is unable to give you statistics because of the general classification.

Mr. CARTER. We have submitted in our brief a paragraph revised in phraseology that will give us a clear designation of classes and will provide us with the statistics that would be obtained if such a classification existed.

We are further asking for an increase in rates to enable us to compete with these foreign papers, and we lay special emphasis on these decorated papers, as the statistics which I have given you show how seriously they are threatening our industry.

Senator WALSH. Did the House give you any increase at all over the present rates?

Mr. CARTER. The House gave an increase on the uncoated decorated papers of 10 per cent ad valorem.

Senator WALSH. That is not sufficient.

Mr. CARTER. It is sufficient on that item, which is a small item. The bulk of the decorated papers are either embossed or covered with solutions of metal, et cetera, and on that class we did not receive an increase, as I read this paragraph, although I will state that it is not entirely clear to me. The paragraph reads:

Four and one-half per cent and 10 cents ad valorem.

That is on the uncoated, decorated papers. And then it reads:

And in addition thereto, if embossed or printed, otherwise than lithography, or wholly or partly covered with metal or solutions, etc., 10 per cent ad valorem.

Now, whether that means 4½ cents specifically and one 10 or two 10s, it is not perfectly clear to me.

Senator WALSH. I suppose it is intended to be 10 per cent more, if it referred to paper that went through an additional process.

Mr. CARTER. Yes.

Senator WALSH. Would you be satisfied with it if the word "more" was included in there?

Mr. CARTER. I do not think the protection is adequate.

Senator WALSH. Even then?

Mr. CARTER. Even then. I am submitting a brief which covers in detail the change of phraseology, and I do not think I am going to take further time.

Senator WALSH. And your recommendations are increases?

Mr. CARTER. My recommendations are increases.

(Mr. Carter submitted the following brief:)

BRIEF OF THE GLAZED AND FANCY PAPER MANUFACTURERS ASSOCIATION

The following paragraphs cover the wording of paragraph 1305, schedule 13, act of 1922, and the suggested substitute submitted to the Committee on Ways and Means February 13, 1929.

PARAGRAPH 1305, TARIFF ACT OF 1922

PAR. 1305. Papers with coated surface or surfaces, not specially provided for, 5 cents per pound and 15 per centum ad valorem; papers with coated surface or surfaces, embossed or printed otherwise than lithographically, and paper wholly or partly covered with metal or its solutions (except as herein provided), or with gelatin, linseed oil cement, or flock, 5 cents per pound and 15 per centum ad valorem; papers, including wrapping paper, with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, except designs, fancy effects, patterns, or characters produced on a paper machine without attachments, or produced by lithographic process 4½ cents per pound, and in addition thereto, if embossed, or printed otherwise than lithographically, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 17 per centum ad valorem: *Provided*, That paper wholly or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on the basis of twenty by twenty-five inches, shall pay a duty of 5 cents per pound and 17 per centum ad valorem; gummed papers not specially provided for, including simplex decalcomania paper not printed, 5 cents per pound; cloth-lined or reinforced paper, 5 cents per pound and 17 per centum ad valorem.

SUGGESTED SUBSTITUTE FOR THE PARAGRAPH

Papers with coated surface or surfaces, not specially provided for, 6 cents per pound and 15 per centum ad valorem; papers with coated surface or surfaces, embossed or printed otherwise than lithographically, and papers wholly or partly covered with metal or its solutions, or with gelatin, linseed oil cement, or flock (except as herein provided), 8 cents per pound and 25 per centum ad valorem; uncoated papers, including uncoated wrapping paper, with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern or character, produced in any manner otherwise than by printing, embossing, or with metal or its solutions, or with gelatin, linseed oil cement, or flock, or by means of the screen, felt, or dandy roll, of the paper machine; if weighing not less than fifteen pounds per ream, 8 cents per pound; if weighing less than fifteen pounds per ream, 10 cents per pound; uncoated papers, including uncoated wrapping paper, with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, produced wholly or partly by embossing, or printing otherwise than lithographically, or with metal or its solutions, or with gelatin, linseed oil cement or flock; if weighing not less than fifteen pounds per ream, 8 cents per pound and 35 per centum ad valorem; if weighing less than fifteen pounds per ream, including paper wholly or partly covered with metal or its solutions, 10 cents per pound and 35 per centum ad valorem: *Provided*, That the term "ream" as used in this paragraph shall be understood to be two hundred and fifty thousand square inches; gummed papers, not specially provided for, including simplex decalcomania paper not printed, 5 cents per pound and 15 per centum ad valorem; cloth lined or reinforced paper, 6 cents per pound and 25 per centum ad valorem.

The foregoing paragraph, substitute for paragraph 1305, was not entertained or accepted by the Committee of Ways and Means. They incorporated in their bill (H. R. 2667) as passed by the House, schedule 14, paragraph 1405, which is a duplication of schedule 13, paragraph 1305, act of 1922, with minor changes, the insertion of the word "uncoated" reducing the duty in one instance from 4½ cents per pound and 17 per cent ad valorem to 4½ cents per pound and 10 per cent ad valorem and in advancing in one instance from 5 cents per pound and 17 per cent ad valorem to 5 cents per pound and 18 per cent ad valorem.

The revised phraseology we submitted as substitute for paragraph 1305, act of 1922, was carefully worked out to distinctly classify all classes of fancy papers, whether produced on surface coated or uncoated grounds, and the dutiable rates we ask for are necessary to enable us to meet the foreign competition.

Our surface-coated products are commonly known to the trade as glazed, plated, embossed, waterproof, and fancy papers. They are made in white and in colors and are mainly used for covering boxes, and are also used for wrappers, envelopes, printing, lithographic work, etc.

We are, in fact, paper converters and finishers. We procure raw or body stock from various manufacturers, in many different varieties and weights; the costs of the stocks used represent but a very small part of the ultimate finished product. The materials used for coating are dry and wet pulp colors, aniline dyes, clays, glues, casein, etc.

The various processes of coating and finishing demand technical skill and the employment of much skilled labor.

This particular branch of the paper industry is not a new one in this country, but it is small as compared with the industry as a whole. It has existed for many years in foreign countries, especially in Germany, and those countries have always manufactured these papers under the most favorable conditions as to cost of materials and especially with respect to the necessary skilled labor.

The following tabulation is prepared from information received from the members of our association as of January 1, 1920:

Total production all classes (tons)-----	19, 670
Total cost-----	\$7, 598, 100
Total average cost per pound (cents)-----	19. 30
Total number of employees-----	1, 530
Total annual pay roll-----	\$2, 419, 421
Total average pay per day of mill employees-----	\$5. 02
Total invested capital-----	\$8, 323, 759

Since the enactment of the tariff act of 1922 we have been compelled to compete with various classes of new varieties of foreign papers not contemplated by the framers of that act. These new varieties are neither adequately defined nor covered by the phraseology and rates as now appearing in paragraph 1305. Many of these new varieties are produced on uncoated raw stock papers, colored in the pulp, thereby eliminating the cost of surface coating, reducing the resultant weight and changing the classification and rates as compared with "surface-coated papers," to which category they properly belong, and for which they are substituted for fancy papers.

The Customs Court rendered a decision in the instance of a high-class fancy paper known as "mother of pearl," removing that class of papers from the classification of surface coated, embossed, or printed papers dutiable at 5 cents per pound and 15 per cent ad valorem, and classifying it as paper with a surface design dutiable only at 4½ cents per pound; and in another instance the court decided that papers surface coated, embossed, or printed, "with gelatin, linseed oil, cement, or flock," which papers were properly dutiable at 5 cents per pound and 15 per cent ad valorem, under paragraph 1305, were to be classified as hanging paper, under paragraph 1309, dutiable at 1½ cents per pound and 20 per cent ad valorem. These decisions, sustaining the contentions of importers, who are constantly seeking to have their products entered under a classification carrying a low rate, conclusively demonstrate the necessity of rephrasing paragraph 1305, covering fancy and specialty papers.

The Government records of the importation of "surface-coated papers" do not define nor segregate the special classes of papers which we produce, nor are we in a position to obtain the information so as to enable us to give comparative values or quantities imported. The competition which we are compelled to meet in the imported lines, similar to those which we produce, has been and is disastrous, and has made it necessary to produce and sell these papers without a profit to enable us to give employment to labor and keep our plants in operation.

The foreign manufacturers have a great advantage over us in the cost of machinery, colored and raw stock papers, and in labor cost, especially in the production of fancy, printed, and decorated papers. The world is their market and they are able to spread their costs over a large quantity production.

To enable us to give steady and remunerative employment to our employees, with fair returns to ourselves, and to enable us to compete on an even basis with the foreign importations, we respectfully urge your favorable consideration of the revised phraseology for paragraph 1305, as hereinbefore suggested, with the equitable rates necessary for the protection of this industry. We do not desire any excessive protection. The combined specific and ad valorem rates which we request will show a much lower resultant ad valorem than that given to us in paragraph 411 of the tariff act of 1909. The then basic cost for export on plain surface-coated glazed papers, reds and intensive colors, was an average \$1.05 per ream 20 inches by 24 inches 500 sheets, at port of shipment, which the present cost on the same class of papers is \$2.50 per ream, same basic size and quality, the cost on all other varieties, embossed, printed, decorated, etc., have advanced proportionately.

The undersigned feel that this industry is of such importance that it may justly ask adequate protection both in rates and in classification, as will enable it to meet foreign competition and maintain the high standard of wage and quality of finished product which the employees, the American public and the American consumer require.

Respectfully submitted.

I. O. Van Duzer, Louis DeJonge & Co., 69 Duane Street, New York City; J. McLaurin, McLaurin-Jones Co., Brookfield, Mass.; E. C. Smith, Nashua Gummed & Coated Paper Co., Nashua, N. H.; A. S. Guggenheimer, United Manufacturing Co., 200 Madison Avenue, New York City; L. I. Houghton, Secretary of the Association, 146 Chestnut Street, Springfield, Mass., tariff committee, representing American Coated Paper Co., Pawtucket, R. I.; Berkshire Coated Paper Co., Great Barrington, Mass.; Blackstone Glazed Paper Co., Pawtucket, R. I.; A. M. Collins Manufacturing Co., Philadelphia, Pa.; Louis DeJonge & Co., New York, N. Y.; Humpden Glazed Paper & Card Co., Holyoke, Mass.; Holyoke Card & Paper Co., Springfield, Mass.; The Marvellum Co., Holyoke, Mass.; McLaurin-Jones Co., Brook-

field, Mass.; Middlesex Products Co., Boston, Mass.; Nashua Gummed & Coated Paper So., Nashua, N. H.; National Coated Paper Corporation, Pawtucket, R. I.; New England Card & Paper Co., Springfield, Mass.; Paper City Manufacturing Co., Holyoke, Mass.; Plinco Papers (Inc.), Camden, N. J.; Reading Glazed Paper Co., Reading, Pa.; Royal Card & Paper Co. New York, N. Y.; Springfield Glazed Paper Co., Springfield, Mass.; The Tuttle Press, Appleton, Wis.; The United Manufacturing Co., New York, N. Y.; Walther & Co. (Inc.), Brooklyn, N. Y.; Wyomissing Glazed Paper Co., Reading, Pa.

PHOTOGRAPHIC PAPER

[Par. 1405]

STATEMENT OF WALTER J. INGRAM, REPRESENTING THE HURLBUT PAPER CO., SOUTH LEE, MASS.

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

Mr. INGRAM. I am treasurer of the Hurlbut Paper Co., South Lee, Mass.

Senator WALSH. You just represent yourself?

Mr. INGRAM. No; the company. It is a Massachusetts corporation.

Senator WALSH. You do not represent any of the other industry?

Mr. INGRAM. No, sir.

Senator DENEEN. You are speaking on paragraph 1404?

Mr. INGRAM. 1405. My purpose in appearing before your committee to-day is to request your serious consideration of that section of paragraph 1405 pertaining to raw and baryta coated paper to be sensitized for photographic purposes. The new tariff bill, of 1929, H. R. 2667, recently passed by the House, provides for a reduction of tariff on these grades of paper, which will be very detrimental to our company and other companies who now manufacture papers of this nature.

You will note that the present tariff on these grades is 3 cents per pound, plus 15 per cent ad valorem. The new bill provides for a tariff of but 5 per cent ad valorem.

Allow me to explain to you at this time that the Hurlbut Paper Company, whom I represent, is not in operation. This plant is particularly adapted for the manufacture of this high-grade product. We already have an investment of \$150,000 in this property, and it will be absolutely impossible for us to go on with our plant if the proposed duty of 5 per cent ad valorem is sustained. I wish to call your attention to the fact that raw photographic paper has been made successfully in this mill for many years.

Senator THOMAS. Why is your plant not in operation?

Mr. INGRAM. Our plant was closed down; it was a division of the American Writing Paper Co., and during their reorganization it was closed and was purchased by the present owners a year and a half ago. But we have not yet started it.

Senator THOMAS. Your plant, then, is a branch or subsidiary now of some other parent concern or larger concern?

Mr. INGRAM. It is not. It is absolutely independent.

Senator WALSH. It was originally consolidated with the American Writing Paper Co., which went into liquidation?

Mr. INGRAM. Yes.

Senator WALSH. And this plant was sold, your plant was sold by the liquidators, and you bought it?

Mr. INGRAM. Yes, sir. During the World War the entire product of this mill was photographic paper, the greater portion of which was used by the Eastman-Kodak Co. of Rochester, taking the place of foreign papers, which, of course, it was impossible to secure during the war.

Just why this particular paper, which is to a large extent a luxury, is almost placed on the free list is beyond our understanding. The most common papers appear to have adequate protection. With the hope of giving back to New England one of its lost industries, I would propose that an addition be made to the present tariff rather than a reduction.

I had a conference on Tuesday of this week with Mr. Phillip Weston of the Burns-Weston Co. of Dalton, Mass., which company is a manufacturer of photostatic paper, and Mr. Weston is more than anxious that no reduction in tariff be made on these grades.

Allow me to read a letter written by us to Hon. Allen T. Treadway, referring to this matter. This is written on April 3, 1929.

Senator WALSH. He is the Congressman from your district?

Mr. INGRAM. He is the Congressman from my district.

Senator WALSH. And in fact resides within a few miles of this factory?

Mr. INGRAM. Within a mile and a half, to be exact.

Referring to the hearing of 16th of February before your committee in relation to the rates of duty on raw and baryta coated paper for sensitizing, we wish to call your attention to the following:

First. The brief of the sensitized photographic paper manufacturers does not seem to embrace the entire industry. The following firms appear not to be mentioned: The Kilbourne Photo Paper Co. of Cedar Rapids, Iowa; the United States Photo Products of Bayonne, N. J., the Bay State Film Co. of Sharon, Mass.; the Baskerville Photo Paper Co. of San Francisco, Calif.

Second. The present rate of duty of 3 cents per pound and 15 per cent ad valorem for raw paper, and 3 cents per pound and 20 per cent ad valorem for baryta coated can not be oppressive in view of the fact that every sensitizer who uses foreign raw material sells his product at a good profit, judging by dividends paid last year, such as H. A. Lloyd Co., of Rochester, N. Y., 8 per cent; the Hectograph Co., of Rochester, N. Y., 30 per cent. Statements of the Agfa-Anseo Co. and the Defender Photo Supply Co. are not at hand at this moment. The Eastman Kodak Co., of Rochester, N. Y., who manufacture raw and baryta-coated paper for their own consumption can not, in our estimation, produce this raw material at a lower price than the foreign product is sold to their competitors, but the Eastman Kodak Co. has the immense advantage of being independent of foreign supplies, and not having the source of the raw material 3,000 miles from Rochester.

Fourth. Photographic raw paper was successfully manufactured in this country for over 20 years by the American Photographic Paper Co., of Boston, Mass., at the Hurlbut Mill at South Lee—

that is the mill in which I am interested—

and sold to the Eastman Kodak Co. During the great war this was the main source of raw material for the Kodak company and was used by them until the companies were in a position to make it themselves.

The following American mills are making some grades of photographic raw paper very successfully at present: Burns-Weston Co., of Dalton; L. L. Brown Co., of North Adams, Mass.; Louis D. Jones Co., of Pittsburgh.

There may be possibly others that I have no record of.

Senator WALSH. If they are making it and competing satisfactorily at present tariff duties, why can not you? I just want to get your angle on that.

Mr. INGRAM. The present tariff is 3 cents per pound and 15 per cent ad valorem.

Senator WALSH. Yes.

Mr. INGRAM. We can not see our way clear.

Senator WALSH. In other words, you at least want the present tariff, not reduced as provided in the House bill?

Mr. INGRAM. Yes, sir.

Senator WALSH. Who brought about that reduction in the House bill?

Mr. INGRAM. I know nothing about it. We were not represented at the House hearing, so I can not tell. It is beyond my understanding to know why this cut was made.

Senator WALSH. May I ask another question? Was this Lee factory prosperous and manufacturing paper up to the time of its consolidation with the American Writing Paper Co.?

Mr. INGRAM. For many years this factory, while we were a division of the American Writing Paper Co., was a good paying proposition. We were one of the oldest high-grade paper manufacturing mills in the country.

Senator WALSH. You originally were an independent plant?

Mr. INGRAM. Yes.

Senator WALSH. Then you became part of the American Writing Paper Co.?

Mr. INGRAM. Yes.

Senator WALSH. Shortly after that consolidation of the various branches of the American Writing Paper Co. it liquidated?

Mr. INGRAM. No; we were with them perhaps 17 or 18 years at least.

Senator WALSH. With the American Writing Paper Co.?

Mr. INGRAM. Yes; and we were prosperous.

Senator WALSH. And all that time they were adding new plants?

Mr. INGRAM. No; the American Writing originally had 26 mills. We were one of them. They never added any more mills.

Senator WALSH. When did they liquidate? What year, do you remember?

Mr. INGRAM. It was about two years ago, or less, perhaps. We took the plant over in December, a year and a half ago, December 1.

Senator WALSH. Did you buy it at a normal price?

Mr. INGRAM. We bought it at a very much reduced price.

Senator WALSH. I assume so, because it was not a running plant at the time.

Mr. INGRAM. It was not a running plant.

If the present rate of duty—

This is in this letter we wrote—

If the present rate of duty, 3 cents per pound and 15 per cent ad valorem for raw paper, and 3 cents per pound and 20 per cent ad valorem for baryta-coated paper are reduced to 20 per cent ad valorem, it would mean a reduction of 20 per cent, as the specific duty of 3 cents per pound averages about 20 per cent ad valorem on raw and baryta coated. At present all three are given under one paragraph, No. 1305, which is highly misleading and does not separate raw material from finished products. Such a reduction would make it impossible for any American paper maker to hold his own against the foreign product if he wanted to undertake the manufacture of same on a large scale. Technically it would be easily accomplished.

The classification of paragraph 1305 of the present tariff should be changed to, first, basic raw paper for sensitizing, baryta-coated paper for sensitizing, sensitized photographic paper.

In closing I would suggest that in my opinion the duties on sensitized photographic paper should be proportionate to that levied on the raw and baryta-coated stock.

Senator THOMAS. You say there are three companies now that are making this particular class of paper?

Mr. INGRAM. Three companies that I now have the names of. There may be others.

Senator THOMAS. Are they prosperous?

Mr. INGRAM. The Burns & Weston Co., is very prosperous, to my knowledge. But, understand, this is only a small proportion of their product, one particular item, and we would not have sufficient business if we had all of the photographic business, outside of the Eastman-Kodak Co., to operate our plant on this product alone. We will have to have other specialties.

Senator THOMAS. Are these three companies that you mentioned, are they favorable to the schedule as proposed in the pending bill?

Mr. INGRAM. The Burns-Weston Co., is the only one whom I have talked with, and Mr. Phillip Weston, a member of this company, would prefer to have the present tariff remain.

Senator WALSH. Rather than the House tariff?

Mr. INGRAM. Rather than the proposed House tariff.

Senator THOMAS. Who is responsible for this suggested change?

Mr. INGRAM. I do not know. I have no knowledge of that.

Senator THOMAS. With your knowledge of the paper industry, do you not have some idea as to who might be responsible for it?

Mr. INGRAM. It might possibly be the sensitizing interests who purchase this raw product.

Senator THOMAS. You mean the kodak people, the Eastman Kodak?

Mr. INGRAM. No; the Eastman Kodak manufacture their own paper in their factory at Rochester.

Senator THOMAS. What interests do you have reference to?

Mr. INGRAM. Well, there are a number of sensitizers—that is, people who purchase the raw paper and baryta-coated paper, who sensitize it. It would be to their advantage to buy that paper as cheaply as possible.

Senator WALSH. Are they located throughout the country?

Mr. INGRAM. Yes, sir.

Senator WALSH. How many branches of that kind are there?

Mr. INGRAM. I have no record of that.

Senator WALSH. So this was probably done to make cheaper raw material for the sensitizing companies?

Mr. INGRAM. I would consider that that was the reason.

Senator DENEEN. You made a suggestion a moment ago that the tariff should be in proportion on certain articles. You did not name the articles nor you did not name the proportions. Does the explanation appear clearly in your brief?

Mr. INGRAM. I have no brief, I have filed no brief. Would you suggest the filing of a brief?

The CHAIRMAN. Yes; I think so. You said it was out of proportion, but you did not indicate the proper proportion.

Mr. INGRAM. No; I did not say it was out of proportion. The present tariff on raw and baryta-coated paper is 3 cents per pound and 15 per cent ad valorem; on sensitized paper it is 3 cents a pound and 20 per cent ad valorem. So when the tariff is fixed on the raw paper, I would say that that same proportion should be followed, a slightly higher tariff on the sensitized article.

Senator THOMAS. Does the probable starting of your mill depend upon an increased duty?

Mr. INGRAM. I would not say that. It would have a big influence with us, if we could have this product protected, in starting this plant.

Senator THOMAS. Well, such protection would have to be to the extent of decreasing the foreign importations, or a partial embargo, would it not, to be of any benefit to you? You are not interested in getting money into the Treasury; you are interested in protection, so that you can operate your business at a profit?

Mr. INGRAM. Yes, sir.

Senator THOMAS. So the protection would have to be raised to such an extent as to be a deterring influence upon the importation of the competing article, would it not, in order to be of any benefit to you?

Mr. INGRAM. It would have to be sufficient so that we could feel that we could manufacture this paper in competition with the foreign paper.

Senator DENEEN. May I ask you, how much of the domestic photographic paper is made now, outside of the Eastman Kodak Co.?

Mr. INGRAM. In this country you mean?

Senator DENEEN. In this country.

Mr. INGRAM. I have no record of that.

Senator DENEEN. Could that be readily ascertained?

Mr. INGRAM. It might be. I would not say. It might be possible for us to get it. If it is possible, I will get it in our brief.

(Mr. Ingram submitted the following brief:)

BRIEF OF THE HURLBUT PAPER Co., SOUTH LEE, MASS.

Photographic paper is one of the very highest grades of the many different kinds of paper manufactured and the successful manufacture of this grade of paper is dependent to a large extent on several major factors, namely, pure water, pure air, competent labor, proper machinery, technical knowledge, etc.

The Hurlbut mill at South Lee is particularly adapted for the manufacture of this product, having successfully manufactured raw paper for photographic purposes for many years, and was the main source of supply of this product for the Eastman Kodak Co. during the great war until this concern was in a position to manufacture their own raw paper in their own factory at Rochester, N. Y.

We would not be the only mill in this country whose product is classified as a photographic grade. The following American mills are making papers of this nature successfully at present: Eastman Kodak Co., Rochester, N. Y.; L. L. Brown Co., North Adams, Mass.; Byron Weston Co., Dalton, Mass.; Louis DeJonge & Co., Fitchburg, Mass.

The present rates of duty, 3 cents per pound and 15 per cent ad valorem for raw paper and 3 cents per pound and 20 per cent ad valorem for baryta coated paper, do not appear oppressive to the users of this product, namely, the sensitizers, in as much as the principal sensitizing concerns now using foreign raw material sell their product at a good profit judging by the dividends paid last year, viz: The Haloid Co., Rochester, N. Y., 8 per cent; the Rectograph Co., Rochester, N. Y., 30 per cent.

Statements of the Agfa Anseo Co. and the Defender Photo Supply Co. are not at hand at this moment.

The Eastman Kodak Co., of Rochester, N. Y., who manufacture raw and baryta-coated paper for their own consumption, can not, in our estimation, produce this raw material at a lower price than the foreign product is sold to their competitors, but the Kodak Co. has the immense advantage of being independent of foreign supplies and not having their source of raw material 3,000 miles from Rochester.

The tariff bill of 1929 (H. R. 2667), as passed by the House of Representatives, reduces the tariff from 3 cents per pound and 15 per cent ad valorem on raw and 3 cents per pound and 20 per cent ad valorem on baryta-coated paper to the astonishing low rate of but 5 per cent ad valorem—almost on the free list.

Such a reduction as this will make it impossible for us to go on with our plans for the manufacture of this material and in our opinion will greatly handicap other manufacturers of similar papers, making it impossible for industry in this country to compete with the foreign market. We have an investment at present in our properties of \$150,000, and we contend that fair protection should be given those who are endeavoring to bring back to New England one of its lost industries. If the tariff be reduced, as provided in the bill passed by the House, then it will be impossible for this plant to resume the manufacture of photographic paper.

Just why this particular paper, which to a large extent is a luxury, is so substantially reduced in tariff and the most common papers appear to have adequate protection is beyond our understanding.

We sincerely pray that your committee will recognize the fairness of at least retaining the present rate of tariff and we would recommend an increase in tariff rather than a reduction. We also recommend that the duty on sensitized photographic paper be proportionate to that levied on the raw and baryta coated stock.

We also recommend that the classification of paragraph 1305 of the present tariff act be changed to basic raw paper for sensitizing, baryta coated paper for sensitizing, sensitized photographic paper.

Respectfully submitted.

HURLBUT PAPER CO.,
By WALTER J. INGRAM,
Treasurer.

STATEMENT OF PERCIVAL H. CASE, REPRESENTING THE GEVAERT CO. OF AMERICA (INC.), NEW YORK CITY

(The witness was duly sworn by Senator Deneen.)

Senator DENEEN. You represent whom?

Mr. CASE. I am production manager for the Gevaert Co. of America (Inc.), a New York corporation, 423 West Fifty-fifth Street, New York City.

Senator DENEEN. You appear on Schedule 14, paragraph 1405?

Mr. CASE. I appear in behalf of my company. There appears to be a misunderstanding with relation to what constitutes the raw material and what constitutes photographic paper finished in the photographic paper industry.

Senator DENEEN. Refer to the line.

Mr. CASE. Page 168 of the Hawley bill, lines 1, 2, 3, and 4 in my copy of H. R. 2667 that I have.

Senator DENEEN. What paragraph?

Mr. CASE. 1405; the paragraph beginning unsensitized basic paper, and baryta-coated paper, to be sensitized for use in photography, 5 per cent ad valorem.

Senator DENEEN. Proceed.

Mr. CASE. In the tariff act of 1922, plain basic paper—that is, the raw paper the gentleman who just preceded me referred to—carried a tariff of 15 per cent and 3 cents per pound, and paper that is baryta

coated or sensitized with other coating carried an ad valorem of 20 per cent and a specific of 3 cents per pound.

There are several kinds of paper which are used by converters, the term used here to-day, in finished photographic products, and the House apparently recognized the necessity for a difference in tariff between such finished products and such raw material and so they took out of the finished product class the baryta-coated papers and put them with raw basic paper of the same classification. With that classification I have no debate.

My point is simply this, that if coated papers of any type are put with or are to be classified with the raw paper, there should be a further classification of other coated papers not depending at all on the nature of the chemicals which enter into the coating. In other words, baryta-coated papers are papers that have received a solution of gelatin and barium salts, but the sensitized papers are papers that received a final coating of or a last coating of silver salts instead of barium salts, which makes them sensitive to light.

Now, papers as imported sometimes have no coatings whatever, sometimes they have 1, 2, 3, 4, or 5; a sensitized paper, magazine, 1 coat. Baryta-coated papers not sensitized may have as many as four. So the amount of labor which has been expended on the other side of photographic papers is not as much depending on whether or not they are sensitized, but rather the number of coatings they have. The paper, as we import it, is imported in the same physical shape as is imported by the particular group of manufacturers who appeared before the House Ways and Means Committee. In other words, in large rolls, in bulk, a large roll of this kind—I have a number of these photographs if the gentlemen care to look at them—and the only thing that they do to that paper, this other group of manufacturers that was represented before the Ways and Means Committee, that we do not do is to apply one sensitized coating. This sensitized coating is applied by a large capacity, continuous production coating machine, and the human labor involved is very light, indeed. Machines, however, are extensive and expensive. But the great amount of labor that is performed upon photographic paper either by those who import it sensitized and those who import it unsensitized, is applied in this country in the subsequent operation of sensitizing it. There is the inspecting and testing for the standard for the particular use because no man has ever made a sensitizing coat exactly like another, no two coats alike, and we have to determine specifically what particular use the paper may be put to, and we have two hundred and forty-odd grades of paper.

Then it has to be cut, it has to be sorted, and during the course of steps of manufacture there is incurred a manufacturing loss of 10 to 20 per cent. Those losses are inevitable and they are borne alike by those who import sensitized and import unsensitized.

One point the gentlemen who preceded me brought out very well was that a handicap is naturally suffered by manufacturers who are compelled to go to Europe for their sources of supply of paper. That is an unfortunate handicap. We suffer that to a greater extent than those who import paper unsensitized and with baryta coating, because one additional operation has been performed on the other side and we have to pay a profit to the man who takes that bit of metal for laying the coating on the paper plates.

It was brought in the testimony before the Ways and Means Committee by a group of manufacturers who are the independent sensitizers, we will say, some of them, in this country and who were joined in their enterprise by the Eastman Kodak Co., and I think Mr. Davis, president of the Agfa-Ansco, was the gentleman who appeared in person, that he had constantly brought it to the notice of the domestic manufacturers to make raw and baryta-coated paper so that they would not have to go to Europe for their supplies, handicapped as we are. They claim that they are, therefore, dependent on Europe for their source of supply. We are likewise in the same position. We look forward some day to the hope of installing our coating machine and being able to do it with one little operation here, not because we can do it any cheaper than the other side. It costs us no more money to do it on this side because of any tariff raising. It is largely the material. Silver is expensive. It has a uniform value all over the world, but baryta used in photography for coating must likewise be specially related in the same difficulty in the markets, but because we have the technical details of coating under our own supervision we would not have suffered the same as some of the others in importing our paper stock.

We must take the point of difference, and I am not speaking officially for any of the sensitizers, but speaking largely for ourselves should we become sensitizers. There are a great many grades of photographic paper. I have a few of them with me here to demonstrate a different point of view, but I may say that the paper as we import it has upwards of 30 different kinds of surfaces. Many of those are imported in very small quantities, and, as a matter of fact there are but very few, two or three mills in Europe that supply the world demand for basic paper. These mills can make a big run of this kind of paper or that kind of paper, depending on the surface, all the way from extremely rough to a high gloss finish, and in supplying large numbers of sensitizers both in this country and abroad they can afford to go into a production basis.

I question personally very particularly that any firm upon entering the manufacture of photographic paper would be in a position to supply the varied demands even of our own company if we were sensitizing in this country, but that is beside the point. The point that I want to make particularly is that papers should not be separated as to the chemical content or coatings they have applied. Here is paper sensitized and it has one coating on it. It has but one coating of any nature at all. Here are some papers with two or three coats, one of them being sensitized. There are some papers with soft bark coatings and no sensitizing coating. It is dependent upon the particular purpose for which the paper is to be used whether or not it carries one, two, three, four, or five coats and not often any other.

Senator WALSH. Your claim is that this paragraph does not make sufficient distinction.

Mr. CASE. Between raw material and the finished product.

Senator WALSH. Have you an amendment?

Mr. CASE. I have an amendment already submitted in my brief.

Senator WALSH. Does your amendment change the rates?

Mr. CASE. It does in one small way, in one way. The brief was submitted before the proposal of changing the tariff by the House

was considered. We propose that unsensitized basic paper and baryta-coated papers to be sensitized for use in photography—those are the words of the existing statute, and add these new words, or sensitized photographic paper in bulk not in final packages, 5 per cent ad valorem.

Senator WALSH. How does that compare with the present?

Mr. CASE. That is a reduction.

Senator WALSH. Because it is a raw material.

Mr. CASE. A reduction because it is a raw material, and that reduction is the reduction which was granted prior to our being heard in the matter, and it was granted to the sensitizers. Our sole contention in this matter is that we should fall in that same category as the sensitizers with regard to being able to buy our product in competition with them. The ad valorem basis of duty takes care of the creation for those gentlemen because the labor involved is very light but the silver metal is expensive and we pay an ad valorem rate on the silver.

Our contention calls for a sensitized photographic paper packed or assembled into boxes, envelopes, portfolios, folders, or other containers, in which such articles are sold as a unit to the ultimate consumer, including such containers, 15 per cent ad valorem.

That is an honest difference of opinion between ourselves and other domestic sensitizers as to the amount of protection required. There are very slight importations of European finished product. As a matter of fact, the sensitized photographic industry as carried out in this country, deals with rather a low margin of profit basis because of the predominant position of the Eastman Kodak Co. and their facilities for quantity production as against the smaller organizations with limited facilities for economy in production methods.

Senator THOMAS. Is this type of paper which you have just spoken of more or less imported stock?

Mr. CASE. Those are the imported stocks.

Senator THOMAS. From what country?

Mr. CASE. Originally from Germany, France, or Belgium.

Senator THOMAS. Are there factories in this country that are making that class of goods?

Mr. CASE. Does the Senator mean unsensitized or sensitized?

Senator THOMAS. Both.

Mr. CASE. Unsensitized I have no direct knowledge because we are not in the market but the testimony before the Ways and Means Committee would lead me to believe that other sensitizers had attempted to secure that knowledge unsuccessfully in this country at any price.

Senator THOMAS. Then so far as you know this class of goods has no competition in America?

Mr. CASE. Not at all, so far as I know.

Senator THOMAS. And your company being a manufacturing concern has to depend on the foreign market for this class of product?

Mr. CASE. We are not able to buy sensitized paper to our specifications in this country. There are no concerns in the business that sensitize paper and sell it in this form.

Senator THOMAS. Are not American interests sufficiently financed or do they not have the ability to produce this class of goods?

Mr. CASE. I would say it is rather a technical problem. Each manufacturer of sensitized photographic products has his own peculiar methods by which he feels he is peculiarly qualified to make it a little more excellently than any other manufacturers of paper.

Senator THOMAS. Will this reduced rate that you suggest affect any manufacturing concern in America that you know of?

Mr. CASE. Not that I know of. If the duty we ask is granted, that is throwing the sensitized high rate into a low rate, it will affect none whatever.

Senator THOMAS. It is your contention then that the reduction of these rates would enable you to buy your raw-product paper cheaper so that you can in turn reflect that cheapness to the consumer?

Mr. CASE. Not exactly. I would say that whatever the duty is on raw and baryta coated paper it should be the same on sensitized paper. If our domestic competitors or domestic sensitizers are compelled to pay a duty of X per cent on their product, in order then to compete we must have a duty of X per cent. We must have the same duty because we are selling in the same market and we must buy in the same market at equivalent prices because of the narrow margin of profit in our business. Otherwise we have no profit left.

I could better clear that up by saying that in many cases the cost of wrapping and packing, which enters into the sale of photographic products, represents more than half of the total cost. In other words, a finished envelope of paper wrapped and packed and labeled never costs as much as the finished product, for the materials. We buy these materials in boxes and envelopes and we pay the same price presumably as do our competitors or domestic sensitizers. Now, that part of our course is identical. If we must pay 25 per cent that 25 per cent of difference in the cost of our product, which is our imported material, throws us out of balance with the cost of other domestic manufacturers and competitors and we are unable to sell on the same market.

Senator THOMAS. I will ask a question along the same line but on a different point. How extensive is the interest that you represent?

Mr. CASE. We are rather a small company.

Senator THOMAS. Are you affiliated with other interests?

Mr. CASE. Not at all.

Senator THOMAS. Have you a monopoly of the particular line in which you are interested?

Mr. CASE. No; I would not say we have a monopoly of our particular line. We have a monopoly of our brands because we sell our goods under our own brand names, specifically trade-marked and registered. That is our particular material. If a man wants to buy Novo-brome he must buy it from us because we are the only people in the world that make it. If he did not like that he probably would buy a brand of some other manufacturer. It is a specialty article that is sold under our trade-mark and sold under our own name and is bought because of qualities which the customer thinks are desirable for his purposes.

Senator THOMAS. How much money is involved, approximately, in the interest that you represent?

Mr. CASE. Being a production manager and not a fiscal officer, I would assume it would run into several hundred thousand dollars.

Senator THOMAS. How many people are employed?

Mr. CASE. Between 75 and 100.

Senator THOMAS. It is rather a small institution.

Mr. CASE. A small concern; yes. We are growing rapidly and we hope to be considerably larger but we are still small. We have only been in business about six years.

Senator DENEEN. The subcommittee will meet this afternoon in the Senate Interstate Commerce Committee room in the Capitol, at 1.30 o'clock.

Mr. CASE. I would like to make my point absolutely clear to the Senators in that we are domestic manufacturers as are those other sensitizers who buy their paper in the same finished state. We are all photographic manufacturers in this country and are identical in that respect with the exception of the Eastman Kodak Co., who are the only ones that are making their own raw paper, so that if the tariff is to be reduced on their materials it ought to be reduced on ours and if it is raised on theirs it ought to be raised on ours. In other words it should be kept the same.

(Mr. Case submitted the following brief:)

BRIEF OF THE GEVAERT CO. OF AMERICA (INC.), NEW YORK CITY

HON. REED SMOOT,

*Chairman Committee on Finance, United States Senate,
Washington, D. C.*

This brief is filed by the Gevaert Co. of America (Inc.), of New York, to present to your committee certain facts relative to the domestic manufacture of photographic papers, and to request that, in view of these facts, the language of the proposed paragraph 1405 of H. R. 2667 be revised and the rates of duty changed in accordance with the recommendation which we make herein.

Paragraph 1305 of the tariff act of 1922 reads in part as follows: "* * * plain basic paper for albumenizing, sensitizing, or baryta coating or for photographic processes by using solar or artificial light, 3 cents per pound and 15 per cent ad valorem; albumenized or sensitized paper, or paper otherwise surface coated for photographic purposes, 3 cents per pound and 20 per cent ad valorem"; * * *

Paragraph 1405 of H. R. 2667 reads in part as follows: "* * * unsensitized basic paper, and baryta coated paper, to be sensitized for use in photography, 5 per cent ad valorem; sensitized paper to be used in photography, 30 per cent ad valorem; * * *"

It will be noted that the tariff act of 1922 makes a distinction between plain basic paper for albumenizing, sensitizing, or baryta coating for photographic processes, and albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, and that the duty on the first class of paper is lower than on the second class of paper.

Paragraph 1405 of H. R. 2667 makes no distinction between "plain basic paper" and "baryta coated paper" for photographic purposes, and it will be noted that the duty on this class of paper is fixed at 5 per cent ad valorem.

The reason why a distinction is no longer proposed between plain basic paper and baryta coated paper for use in photography, is that it was found, upon hearing the arguments of a certain group of domestic manufacturers, that baryta coated paper is used as material in the manufacture of photographic papers.

If baryta coated paper is to be considered as a material for photographic papers, and thus be given the benefit of a lower duty rate, it follows that "sensitized paper" in bulk should, for the same reason, be included in this class, to be assessed with the same rate of duty.

Baryta coated paper is plain basic paper which may have received as many as four or five surface coatings; while so-called sensitized paper, as imported by us, is plain basic paper which has received perhaps only one surface coating and never more than four coatings.

The only difference between baryta coated paper and sensitized paper is that one of the surface coatings applied to the so-called sensitized paper has been made from a solution whose principal ingredients are gelatine and silver nitrate instead of gelatine and barium sulphate.

It would not seem that it was the intention of the House of Representatives thus to discriminate between the domestic manufacturers of photographic papers, according as to whether the coatings on the paper which they import contains the salts of barium rather than the salts of silver.

Coating of photographic paper, be it with a solution containing barium salts or with a solution containing silver salts, is performed upon large capacity, continuous production coating machines. The labor of operating and attending these machines is light when the enormous amount of paper turned out daily per man is computed. The wages of the few men required to operate such coating machines is relatively inconsequential.

The materials used in coating paper for photographic use are, as stated, principally salts of barium and of silver—most of the latter originating in America, whence it is exported to Europe—and gelatine, which must be of a variety especially prepared for photographic purposes. The prices at which such principal materials can be produced are international and universally uniform, and therefore apply to all kinds of photographic paper irrespective of whether the coatings are applied in this country or abroad.

In view of this fact, i. e., that the cost of the principal components of photographic paper varies little, if at all, in any of the markets of the world; and, since the difference in the value of photographic paper coated with a silver solution, as against those coated with barium salts, is so largely covered by the cost of the material; and, since the cost of the labor involved is so small, it follows that there are no lower costs to be achieved by those importing sensitized paper in bulk over those who import baryta coated paper.

The coating of photographic paper does not require much labor. It would depend upon the number of coatings as to whether or not the cost of such paper contains more or less labor; but, as already pointed out, sensitized paper frequently receives a lesser number of coatings than some varieties of baryta coated papers, so that, from this particular viewpoint, no logical distinction can be made between one and the other.

On the contrary, it is in the final preparation of photographic papers for the market that the greater amount of labor is necessary. This labor must be done by those importing "sensitized photographic paper" in bulk, to the same degree as is done by those importing "baryta coated paper."

Labor is required for testing and selecting for suitability for ultimate use; labor is employed in cutting, sorting and inspecting, in wrapping, packing, and labeling; labor is needed for storing and shipping, and in retesting against changes in characteristics; there is clerical and administrative work, etc., not to mention advertising and selling. All of these operations are performed in this country whether or not the sensitized coating has been here applied; and all of the labor that these operations require is done by American workers upon the same wage scale and under the same working conditions, without regard to the coated condition of the paper at the time of importation.

During the course of these many operations there is incurred a loss of material amounting to from 10 to 20 per cent, because of cutting waste, defective or improper coating, mutilated or imperfect paper, manufacturing defects of all kinds. This wasted material, from 10 to 20 per cent of total material imported, is a manufacturing loss; it is borne alike by all who import photographic paper either before or after the sensitized coating has been applied, except that those manufacturers who import paper with the sensitized coating already applied are further penalized by the higher duty paid on such higher value paper which is thus wasted.

There is no advantage for the manufacturer who imports "sensitized photographic paper" in bulk, over the manufacturer who imports "baryta-coated paper," since the final costs of the finished product of each must be in close relation with each other, because of the almost complete similarity of the conditions under which such costs were incurred.

On the contrary, there probably is a disadvantage suffered by the manufacturer who imports paper with the sensitized coat already applied, because of the handicap of having the coating operation carried out at a distance from his supervision, and because of having to pay a profit to others for doing this work.

Another important aspect to be considered is that, whether photographic paper is imported with or without the sensitized coating already applied, the

same supplies of boxes, cartons, wrapping materials, labels, shipping materials, chemicals, not to mention advertising and other printed matter, must all be purchased in the domestic market from American suppliers. From this point of view, all domestic manufacturers of photographic papers are alike in the benefits which they thus render to other American industries, and in the indirect employment which they give to American labor.

It was pointed out at the hearing held before the Ways and Means Committee of the House of Representatives, by a certain group of domestic photographic-paper manufacturers, that the Eastman Kodak Co. is the only domestic enterprise which manufactures photographic papers completely, from the crude materials to the consumer package, and that all the other manufacturers are compelled to purchase their paper in Europe. This group testified that they had attempted, unsuccessfully as yet, to induce American paper mills to produce photographic paper in this country.

Upon being questioned, they stated that they could not consider the possibility of purchasing any of this paper from the Eastman Kodak Co., in view of the competitive relation existing between them and that company, and also for technical reasons. Therefore, they state that the independent domestic photographic-paper industry is entirely dependent upon Europe for its supply of photographic paper.

It was, however, stated in this testimony, that if the domestic manufacturers could purchase paper suitable for photography from a source in this country, and thus be in a position to cooperate intimately with their supplier in solving the highly complex technical problems constantly arising, the advantages thus to be gained would outweigh any small price difference which might exist in favor of the European product; and therefore a protective tariff would not be needed in order to foster the future manufacture of photographic paper in the United States. When the present technical difficulties can be removed, such manufacture will probably be undertaken without regard to the tariff situation, because of other inducements to possible domestic manufacturers of the commodity.

It might be claimed, by those domestic manufacturers who are in the habit of importing paper with baryta coatings, but without the coating of silver salts, that the single operation performed by them in this country, that of applying a solution of gelatine and silver salts, which is not performed by those who import paper thus coated, constitutes the principal manufacturing operation. This, however, can not be sustained; for, as demonstrated herein, the labor required for the subsequent manufacturing operations represents the vast proportion of the total labor cost incurred during the manufacture of photographic papers.

Taking into consideration the value of the manufacturing waste, which, as stated before, amounts to from 10 to 20 per cent of all paper imported; the amount of labor required for the subsequent manufacturing operations; the cost of the packing and other materials; all of which manufacturing originates in this country, the labor cost of applying one single sensitizing coating will be seen as but an infinitesimal percentage of the whole.

A further point, which is deemed worthy of mention, is that all of the photographic paper herein referred to, is imported in bulk for further manufacturing in this country, and, in the case of this company, is designed by its own technical staff in this country, and is made to its specifications to be sold, after completion, under American trade-marks.

Photographic papers are occasionally exported to this country by European manufacturers; these papers are completely finished in the European factories, have European boxes, and European wrapping and shipping material, and are ready for sale, with no loss whatever in manufacturing after duty has been paid. Such papers provide no direct benefit or indirect benefit to American labor, but is foreign merchandise which is imported to compete with the product as manufactured and finished in this country.

The reasons set forth in this brief will demonstrate to your honorable body that "Sensitized photographic paper" in bulk, imported for subsequent manufacturing in this country, is a material, comparable, for purposes of tariff legislation, with "basic and baryta coated papers, to be sensitized for use in photography," and that a distinction should be made between "Sensitized photographic paper, imported in bulk" and "Sensitized photographic paper, imported in consumer packages."

It is therefore, respectfully suggested that paragraph 1405 (ll. 1-2-3-4, p. 168) of H. R. 2667, be amended to read as follows: "Unsensitized basic paper and baryta coated paper, to be sensitized for use in photography, and sensitized

photographic paper in bulk, not in final packages, 5 per cent ad valorem; sensitized photographic papers, packed or assembled into boxes, envelopes, portfolios, folders or other containers, in which such articles are sold as a unit to the ultimate consumer, including such containers, 15 per cent ad valorem."

The rate of 15 per cent ad valorem on the finished product, herein suggested, is consistent with the suggestion contained in the brief filed by this company with the Ways and Means Committee of the House of Representatives.

While we feel that there are no grounds for a higher rate of duty being imposed on sensitized photographic papers in general, than exists at the present time, for the reasons set forth in the previous brief, yet, if a further protection for the finished product is deemed expedient, we can see no objection to an increase of duty rate, from our viewpoint as an American company, engaged in the manufacture of photographic papers from imported "sensitized paper in bulk," if the latter is placed in the same class as "unsensitized basic paper, and baryta coated paper to be sensitized for use in photography."

Respectfully,

THE GEVAERT COMPANY OF AMERICA (INC.),
By PERCIVAL H. CASE.

BRIEF OF MANUFACTURERS OF SENSITIZED PHOTOGRAPHIC PAPER

CHAIRMAN COMMITTEE ON FINANCE AND SUBCOMMITTEE, No. 4,

United States Senate:

This brief is submitted by Agfa Ansco Corporation, Binghamton, N. Y.; Defender Photo Supply Co. (Inc.), Rochester, N. Y.; Haloid Co., Rochester, N. Y.; Rectigraph Co., Rochester, N. Y.; and Positype Corporation of America, Cleveland, Ohio.

The first part of this brief is directed to a rebuttal of the testimony given by one Walter J. Ingram.

The companies presenting this brief, together with the Eastman Kodak Co. of Rochester, N. Y., represent approximately 95 per cent of the photographic industry in the United States.

The mill owned by the Hurlbut Paper Co. of South Lee, Mass., is not a new factor in an attempt to produce plain basic or baryta coated photographic paper in the United States.

Its history, briefly, is as follows:

Being then owned by the American Writing Paper Co., it was for a number of years leased periodically by one Nelson Curtis, of Boston, Mass., who, with a company controlled by him and known as the American Photographic Paper Co., produced a quality of photographic paper which was usable under the standards pertaining to photographic paper manufacture a number of years ago.

This mill at South Lee was referred to in the testimony given by the said Nelson Curtis during the consideration of the tariff act of 1922. Reference is made to hearings before the Committee on Finance in the United States Senate on the proposed tariff act of 1921 (H. R. 7456), schedule 13, papers and books, pages 3911-3917. The duty asked for by Mr. Curtis was at that time given.

The sole effect of this duty was to impose hardship on the sensitizers presenting this brief, as they found themselves unable to use the paper of the inferior quality produced at the said mill. Since that time the American Photographic Paper Co. has ceased to do business, and no attempts in later years have been made to produce photographic paper in the South Lee mill.

We are informed and believe that the said mill was purchased at a price of some one or two hundred thousand dollars within the last two years by one Paul Zuhlke; that in order to operate said mill, it would be necessary to install a large amount of expensive machinery, the finances for which have been represented as not having been procured within the past year.

The operation of this mill, producing paper of any description, lies in the undetermined future, and it is the belief of the companies presenting this brief, that many years' experimentation and large sums of money, apparently yet unavailable, will be required before photographic paper of the proper quality could be produced by the Hurlbut Paper Co. or in the mill owned by it in South Lee, Mass.

Reference to this point is made in the statement of George Eastman in the tariff hearings before referred to before the Senate Finance Committee, that the Eastman Kodak Co.'s "investment in the manufacture of raw paper amounts to between \$4,000,000 and \$5,000,000."

Reference is also made to the testimony of Horace W. Davis in the hearings before the Committee on Ways and Means of the House of Representatives on the subject Photographic Paper, as appearing in volume 13, Schedule 13, papers and books, with particular reference to page 6923, on which the testimony was as follows:

"Mr. DAVIS. The capital investment involved in the making of a specialized product such as photographic paper is so large that it would be many years in the future before we would have the funds to spend for that purpose.

"Mr. DAVENPORT. Have you had trouble in getting raw material among the independents?

"Mr. DAVIS. I came into my company in 1922, just after the tariff act of 1922, and tried to locate a domestic supply of this raw material and we are utterly unable to do so."

A continuation of the testimony on the succeeding pages is directed to this subject.

While Mr. Zuhlke was fully aware of the intention to ask for the elimination of the duty on plain basic or baryta-coated paper prior to the hearings before the Ways and Means Committee of the House of Representatives, no attempt was made by him to present or bring forth this "straw man" to that committee. However, the subcommittee in charge of papers and books, under Schedule 14, went into the subject most thoroughly. One-third of their report is directed to this subject, and is so pertinent and conclusive on the subject, that we beg leave to restate it herewith.

The subcommittee says:

"In this paragraph occurs under the old act a real inequality, and the effect of the present tariff duty is to penalize the small competitors of a powerful and prosperous corporation without performing the function for which tariff protection is properly employed. Plain basic paper for photographic purposes is not produced in the United States at all, except by the Eastman corporation for its own uses. The Eastman sells none to its competitors, and there is no reason why it should. The competitors import from Belgium, France, and Germany. Plain basic paper requires meticulous care in manufacture, intimate contact with the sensitizing plant, and the small quantities needed by the independent companies are not likely to stir even the most skilled producers of paper in the United States into production. Nearness to the customer is a great desideratum. There is an agreement at the present time between a paper company in New England and one of the independent companies in the making of photographic supplies in New York, for experimental collaboration looking to the possible manufacture later of the marketable unsensitized product. The tariff on plain basic paper for photographic purposes has therefore been reduced to a nominal 5 per cent ad valorem, so that if a small tariff duty is later found necessary, it can be adjusted within limits by the Tariff Commission. A small tariff adjustment is probably all that will be needed within a period that can now be foreseen."

Referring to Mr. Ingram's allusion to the Byron Weston Paper Co., the facts are that this company and the L. L. Brown Co., produce a ledger type of paper which is directed to specialized use in photocopying machines. That paper is used, not on account of its photographic quality, but on account of other characteristics. The Byron Weston Paper Co. has an agreement with the Eastman Kodak Co. whereby its paper for such purposes is available only to the Eastman Kodak Co.

The firms referred to by Ingram as not having been represented in the brief filed with the Ways and Means Committee are small companies who do not produce a full line of photographic paper and their combined output does not represent 5 per cent of the photographic paper produced in the United States.

We, therefore, submit—

First. The sensitizing of photographic paper is an actual substantial business in the United States and aside from domestic conditions faces an active foreign competition.

Second. Unsensitized photographic paper of quality fit for general use is not manufactured in the United States, except by Eastman Kodak Co. for its own use.

Third. The Hurlbut Paper Co. in the past, presumably under able management and with the protection of the past tariff acts, failed to maintain a position required by the advance of the photographic industry.

Fourth. It ceased to operate, and is not now producing paper of any description, let alone a most highly technical product like photographic paper.

Fifth. It does not appear that the resources or technical skill available to this company would permit them to successfully produce unsensitized photographic paper of a quality which would permit the independent sensitizers in this country to compete with Eastman Kodak Co.

Sixth. The business speculation of those at present interested in the Hurlbut Paper Co. should not weigh against the grave inequality which the present tariff act imposes on the independent sensitizers in the United States.

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.

WET TRANSFER PAPER

[Par. 1405]

STATEMENT OF PHILIP BOCK, NEW YORK CITY, REPRESENTING THE AMALGAMATED LITHOGRAPHERS OF AMERICA

(The witness was duly sworn by the chairman of the subcommittee.)
Senator DENEEN. For whom do you appear?

Mr. BOCK. I appear for the workmen in the lithographic industry. I represent neither the importer nor the manufacturer of lithographic products but I do represent the men who earn their livelihood in the lithographic industry, and I appeal on behalf of those men that there be a tariff rate enacted whereby they may be able to obtain steady employment.

A peculiar incident happened a few moments ago in connection with a speaker who appeared before you and who said something about purchasing decalcomanias. He said he can not obtain enough competent lithographers who could produce that class of work.

On the other hand, Mr. Chairman, I have with me evidence to the effect that during the past year and the year prior to the past year in one city alone we had out of employment approximately 550 practical, experienced lithographers who can produce all classes of good lithographic work.

We find that at the present time a tariff has been enacted which is not sufficient, in the estimation of the working people, to protect their interests. We know that in the year of 1928 and the year of 1929 there has been imported into the United States what we call decalcomanias. In the year of 1926 they imported \$600,000 worth; in the year of 1927 they imported \$512,000 worth, and in the year of 1928 they imported \$546,000 worth.

In connection with that, Mr. Chairman, we also find that the importations on all other lithographic work run up into the hundreds

of thousands, and we might go further and say that the importations at the present time would reach the amount of at least \$2,000,000 from Germany in particular, as they are our greatest competitors.

I did present a brief before the Ways and Means Committee wherein I requested that the tariff be raised to the point which we believe would protect the American industry, but we find it is not so, that they have not done as we requested, and we request now that that brief, or the suggestions made in that brief be made the subject for your tariff revision, and I would like to add to that two new portions, one where a provision has been removed from paragraph 1305 to paragraph 1405, referring to wet transfer paper. That is something that I believe a majority of the people will not, or can not understand. We want that placed back in paragraph 1305, and we would like to have this substitute taken in its place:

PAR. 1405. Wet transfer paper or paper prepared wholly with glycerin combined with other materials containing impressions taken from lithographic or other plates or stones or from photographic negatives or positives shall pay duty at the following rates: Not exceeding 15 square inches in area, \$1.50 per square inch; exceeding 15 square inches and not exceeding 50 square inches in area, \$1 per square inch; exceeding 50 square inches and not exceeding 100 square inches in area, 50 cents per square inch; over 100 square inches in area, 25 cents per square inch: *Provided*, That the term "area" as used in this paragraph shall be the product of the greatest dimension of length and breadth of the impression of each engraving, drawing, representation, or design imprinted on such paper.

We also want to refer to paragraph 341, and we offer this as a substitute to what we presented in the former brief as presented in the Ways and Means Committee by the Amalgamated Lithographers of America, a labor organization affiliated with the American Federation of Labor:

PAR. 341. Lithographic plates of stone, glass, metal, or other material, engraved, drawn, photographed or prepared in any manner for lithographic use; not exceeding 15 square inches in area, \$1.50 per square inch; exceeding 15 square inches and not exceeding 50 square inches in area, \$1 per square inch; exceeding 50 square inches and not exceeding 100 square inches in area, 50 cents per square inch; exceeding 100 square inches in area, 25 cents per square inch; *Provided*, That the term "area" as used in this paragraph shall be the product of the greatest dimension of length and breadth of the prepared surface of each drawing, engraving, representation, or design produced on the surface or surfaces of the plate.

Senator DENEEN. You refer to paragraph 1305 and you said that it had been transferred to paragraph 1405?

Mr. BOCK. It has been transferred to 1405 and we want it brought back.

Senator DENEEN. There is no change. They run in the 1400's all the way through, while in the other bill the numbers ran in the 1300's. It does not make any difference.

Mr. BOCK. All right, then.

Now, then, gentlemen, we refer to what is known as wet transfer paper. In that particular case we find here that the duty will not suffice in order to protect the American workingmen.

I want to show you gentlemen what sheets of wet transfer paper mean [exhibiting sheet of wet transfer paper]. I want to show you what the production of that wet transfer paper can be [exhibiting sheet of wet transfer paper]. That picture is made in 10 colors. There are 10 separate and distinct stones or plates involved in that

and they have to be either drawn, photographed, or produced by some other process. They can take an impression from that piece of art work on this paper and send it to the United States, and it may mean a cost for labor in Germany of \$1,000, and that same work may mean a cost of \$5,000 in the United States for the labor alone. But taking these impressions from the original stone or plate and sending them into the United States means just this much, gentlemen, that the artist, the prover and transfer employee in Germany has received wages for doing that work, while the mechanics on this side of the ocean have not received wages but are walking the streets. Therefore, we ask you to bring about the enactment of a tariff whereby we will protect the position of the workingmen in America.

Senator DENEEN. What is it you suggest as to the ad valorem?

Mr. BOCK. I would suggest that you take the brief as presented by the Amalgamated Lithographers of America, and take the suggestions made there and add the new sections I have proposed here. I see no other way out of it; it is the only protection we can get.

Senator DENEEN. I notice it is 65 per cent in this bill. Do you remember what you suggested in your brief?

Mr. BOCK. On decalcomanias \$1.10 per pound.

Senator DENEEN. And on wet transfer paper?

Mr. BOCK. On wet transfer paper, 300 per cent ad valorem. We changed that to read this way:

Wet transfer paper* or paper prepared wholly with glycerin or glycerin combined with other materials containing impressions taken from lithographic or other plates or stones or from photographic negatives or positives shall pay duty at the following rates: Not exceeding 15 square inches in area, \$1.50 per square inch; exceeding 15 square inches and not exceeding 50 square inches in area, \$1 per square inch; exceeding 50 square inches and not exceeding 100 square inches in area, 50 cents per square inch; over 100 square inches in area, 25 cents per square inch: *Provided*, That the term "area" as used in this paragraph shall be the product of the greatest dimension of length and breadth of the impression of each engraving, drawing, representation, or design imprinted on such paper

CERAMIC DECALCOMANIAS

[Par. 1406]

STATEMENT OF ALFRED DUHRSSSEN, REPRESENTING THE DECAL PRODUCTS CO., EAST LIVERPOOL, OHIO

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

Senator DENEEN. Will you state whom you represent and the paragraph to which you will address your testimony?

Mr. DUHRSSSEN. I represent the Decal Products Co., an importer of decalcomanias, speaking with reference to paragraph 1406.

I have here, Mr. Chairman, a written brief which I would like to submit, but there are a few things in it I would like to refer to.

Senator DENEEN. Can you state the substance of your brief?

Mr. DUHRSSSEN. I think what I tell you will give you, in general, substantially what is in the brief.

Senator DENEEN. Then you may file your brief and the brief will be printed and read by the members of the committee. If you will state the substance of the brief and state what you are requesting in

the paragraph to which you address your testimony, I think that will be better than to read the brief to us.

Mr. DUHRSEN. The kind of decalcomanias we import—

Senator DENEEN. To which paragraph are you referring?

Mr. DUHRSEN. To paragraph 1406, referring to ceramic decalcomanias, only to ceramic decalcomanias as used almost entirely in the decoration of pottery. So it is a raw material for pottery.

There has been a change in the method of selling pottery in the last few years, which is going to affect our business very seriously, and has already, to a certain extent.

Up to a few years ago pottery was sold once or twice a year for delivery at a considerable time later. But this is all changed. Buyers can not anticipate their wants a long time in advance, and styles change very rapidly.

So the American manufacturer has a large advantage over the foreign producers. For example, the stylists control the purchases of many large stores; they will go to a pottery and say we would like to have a certain class of design, which the American decalcomania manufacturer can supply the design of in two or three weeks, and when we come along in two or three months it is too late.

Here is another example of the same thing. I was supplying decalcomanias to a large user and almost overnight his requirements were very greatly enlarged. Our stock was out in two or three days, and although we made great efforts to supply him, he was without decalcomanias for about six weeks. Naturally, he shifted his business to an American factory because he felt he could not run the risk of having that happen again.

What this is leading to is that the American factories are getting the preference, and I believe that they are fully employed.

Under ordinary conditions you might ask, why is not all the business supplied by American factories. One answer I might make to that is that I do not believe they have sufficient skilled workmen to do the work.

I am an importer, and I have tried to get decalcomania sheets printed in the United States. I have gone to two separate sources and made all arrangements, and finally was held up because they could not get the necessary workmen. In one case it took nearly a year to get a certain addition because the man could not find the necessary lithographers and other workmen to do the work. Therefore, I consider that if you raise the tariff on ceramic decalcomanias you will not enable the American manufacturers to produce more goods. You will merely raise the price of decalcomanias and make it cost the pottery industry more without giving a corresponding benefit to American labor.

So we request that the duty be allowed to remain the same as it was in the tariff act of 1922—that is, 22 cents a pound and 15 per cent ad valorem. That is all.

Senator DENEEN. Why was it raised?

Mr. DUHRSEN. It was raised at the request of the American decalcomania manufacturers and was subsequently lowered, I think, because the House Committee realized that they were benefiting some American manufacturers at the expense of the pottery industry. It was first placed at 50 cents a pound and later reduced to 35 cents

a pound. The present increase makes about a 35 per cent increase in the duty.

Senator DENEEN. If you file your brief with your testimony, it will follow your testimony in the record.

Mr. DUHRSSSEN. I will do that.

(The following brief was filed by Mr. Duhrssen.)

BRIEF OF THE DECAL PRODUCTS CO., EAST LIVERPOOL, OHIO, IMPORTERS OF CERAMIC DECALCOMANIAS

To-day the ceramic decalcomania industry is in itself small, doing a total annual business of approximately \$1,600,000 in the United States. Although the industry is a small one, it is of the highest importance to the success of one of our largest and important industries, the pottery industry.

The cost of decalcomania represents only about 5 per cent of the cost of finished pottery, so it is not a large item in the cost of pottery; but it is a very important item, because it is primarily the decalcomania decoration which makes the piece of pottery attractive. In other words, a beautiful decoration may add many times 5 per cent to the selling value of the piece of pottery, and it is very important that our pottery industry should secure the best decalcomania decorations available from all over the world as cheaply as possible.

Germany has been the cradle of the decalcomania industry and for many years the chief source of supply, and for this reason has developed a high degree of proficiency in the art of manufacturing decalcomania, and until the American decalcomania manufacturers can obtain or train more highly skilled workmen the German product will be indispensable to our potteries.

The manufacturer of decalcomania in the United States has made steady progress, and we admit that the American workmen are capable of producing good work. However, there is such a scarcity of skilled workmen in this country that the American industry is not capable of properly taking care of any material increase in business. I submit herewith a copy of a cable (Appendix A) sent me by one of the large decalcomania manufacturers last month as evidence of the lack of workmen in this country. Therefore, in other words, an increase in the tariff on decalcomania would increase the selling price thereof without employing any more American workmen, as it is very difficult for American manufacturers to obtain sufficient skilled labor to take care of the business which they have at the present time.

It is very unlikely that we in America can train men to do this work successfully because it takes from four to six years to produce a lithographer or transferer or proof maker capable of turning out good work. I do not think it is the purpose of a tariff bill to increase the cost of a necessary raw material without conferring a corresponding benefit on American workmen or to increase the profits of a small industry at the expense of a large one.

In his statement before the Ways and Means Committee of the House, Mr. George Meyercord, representing the decalcomania manufacturers, stated that an increase in duty would enable American manufacturers to employ artists who would create an American style of decoration superior to the imported. I question this statement for the following reasons:

An original water-color design may cost from \$5 to \$25 and the selling price of the edition of decalcomania made from the water-color design is from \$600 to \$3,000. The American decalcomania manufacturer could very easily multiply the amount which they are paying for water-color designs several times without materially increasing the cost of their product and it would not be necessary to increase the duty to enable them to do this. The fact is that no matter how much they pay for the designs, they are unable to obtain in the United States the necessary skilled workmen to reproduce this class of design in any larger quantities than they are now producing it.

In their brief the domestic manufacturers of decalcomania make a great deal of comparative wages in the United States and in Germany and state that the United States wages are five or six times as high as the wages paid in Germany. We do not question the sincerity of this statement but we do question its accuracy and believe that the figures which the American manufacturers have used for German wages must be old, as the official figures of the chamber of commerce in Berlin on the wages paid in Germany to offset lithographing printing plants are more than twice as high as the figures shown in the brief of the American decalcomania manufacturers. We show below a comparative table in which we

have accepted the American wage as shown by the figures of the American manufacturers, and from this table it will be seen that the American wages are a little more than twice as high as the very latest official figures on the German wages. (Appendix B.)

	Germany	United States
Per week:		
Lithographic artists.....	\$19.32 to \$26.61	\$10.00 to \$70.00
Lithographic provers.....	21.35 to 28.48	40.00 to 65.00
Lithographic transfermen.....	18.91 to 27.30	40.00 to 60.00
Lithographic pressmen.....	19.73 to 30.97	45.00 to 60.00
Additional male help.....	13.85 to 17.30	

The American manufacturers also make a great point of the increase in importation of decalcomania since 1923. They fail, however, to show any increase relative to the volume of business which they themselves have done. It is our contention that the manufacturer of American decalcomania has increased much more rapidly than the importations. This must be obvious to anyone who realizes that at one time practically the entire consumption of ceramic decalcomanias was manufactured abroad. To-day at least half of this product is manufactured in the United States.

It is also a fact that there has been a great increase in the use of ceramic decalcomania and this too would account for an increase in imports. We pointed out in our brief to the Ways and Means Committee of the House that in 1913 the American manufacturers account for but 25 per cent of the total consumption and to-day they account for 50 per cent or better. In other words, it does not seem reasonable to suppose that the American ceramic decalcomania manufacturers need additional protection. If they are in need of this protection why do they not submit figures to show this need? They do not state in their brief that their business is on the decline or standing still. They do not state that their profits are not sufficient, and consequently we must reasonably suppose that their business is increasing and their profits are satisfactory.

In his statement before the Ways and Means Committee of the House Mr. George Meyercord stated that the average landed cost of the German sheet of decalcomania is 23½ cents. His figure is indisputable, as it has no doubt been obtained from customhouse figures, which are available to any and all. We are unable to obtain any figures whatever on the American cost of manufacture. We are consequently at a disadvantage to argue this point with Mr. Meyercord when he states that the average cost of a similar sheet made here is 36 cents. We do know, however, that the American ceramic decalcomania manufacturers offer for sale freely to anyone who will pay for the sheets editions of 5,000 sheets containing up to nine colors at 25 cents per sheet, and in some instances even lower prices have been quoted. It is quite evident that the German importers can not profitably sell a sheet which costs them landed 23½ cents at 25 cents per sheet, because the overhead and selling expense on a sheet of decalcomania amounts to much more than 1½ cents per sheet. On the other hand, it is reasonable to suppose that the American manufacturer will not continuously offer to sell a sheet at 25 cents which costs him 36 cents to produce, and we therefore question and challenge Mr. Meyercord's statement that the average cost of production of American-made sheets is 36 cents per sheet. It is true that he mentions quantities of 2,000 to 2,500 sheets, but we doubt very much that this is the average quantity in which American sheets are printed. We believe that the average run is closer to 5,000 sheets and that therefore figuring back from the selling price the average cost is in the neighborhood of 20 cents per sheet.

In closing this brief we wish once more to emphasize the fact that until the American decalcomania industry can train or import more skilled workmen it will always be necessary for the American pottery manufacturer to buy a large per cent of his decalcomania requirements from abroad, where there is an ample supply of highly skilled and specialized workmen and artists, and we contend that no matter how great the increase in duty might be it would not enable the American decalcomania manufacturer to produce work in sufficient volume and the necessary high quality to properly serve the American pottery industry.

THE DECAL PRODUCTS CO.,
ALFRED DELUSSEN, *President.*

APPENDIX A

[Cablegram]

Mr. ALFRED DUHRSEN,
Hotel Bellevue, Dresden, Germany:

Our superintendent advises big unemployment Germany our industry. Require assistant superintendent and help in all departments, engravers, transfer men, and pressmen. Obtain names and addresses of tradesmen desiring to come to America. Arrange with any responsible party to start them for America, our expense and upon orders from us.

GEORGE M. EISENBERG.

[Mr. Eisenberg is president of the American Decalcomania Co. of Chicago.]

APPENDIX B

[Translation of the German original]

BOARD OF TRADE-CHAMBER OF INDUSTRY
AND COMMERCE OF BERLIN,
8 Dorotheen Str., Berlin, NW7, April 20, 1929.

CERTIFICATE

The Union of Proprietors of German Offset- and Lithographic-Printing Plants (Inc.) of Berlin (Verband Deutscher Offset- & Steindruckereibesitzer, E. V., Berlin) has made the following declaration regarding the rate of wages in the lithographic and printing industry:

"The wages tariff, declared generally binding by order of the State Ministry of Labor, for skilled workmen (printers and lithographers) only provides for minimum wages for workmen having finished their apprenticeship of four years. These young men are about 18 years old. Beyond that age of 18 years the wage agreements are made according to the ability of the individual workman i. e. no fixed wages are provided for by the said tariff for hands over 18 years of age.

The following wages are paid for the regular working time of 48 hours weekly, i. e. without overhours:

Lithographic artists from 71.50 to 98.50 reichsmarks weekly.

Lithographic provers from 79 to 98 reichsmarks weekly.

Transferers, from 70 to 101 reichsmarks weekly.

Pressmen, from 73 to 114.60 reichsmarks weekly.

Additional male help, from 51.19 to 64 reichsmarks.

To these wages there has to added:

Five and seven-tenths per cent for vacation and legal holidays.

Seven and seventy-seven-one-hundredths per cent for compulsory insurance (sickness, unemployment, accident, and invalidity), i. e., a total of 13.47 per cent increase of wages; representing the legal share of contribution by the employer.

This is to certify, that the statements above for our district have been closely verified by us and found correct. But in order to prevent misunderstandings we beg to point out, that from the aforesaid statements of wages for this special line of business no conclusions may be drawn with regard to the general state of wages in other lines of our district.

Die Industrie-und Handelskammer zu Berlin, Board of Trade-Chamber of Industry and Commerce of Berlin.

[SEAL.]

B. O. KUNTZE.

This is to certify, that the above is a true translation. Witness my hand and seal,

[SEAL.]

VICTOR ARMHAUS,

Sworn Translator to the Courts of Leipzig, April 25, 1929.

**FLAPS, LABELS, CIGAR BANDS, TRANSPARENCIES,
DECALCOMANIAS, LITHOGRAPHS FOR VALEN-
TINES, ETC.**

[Par. 1406]

STATEMENT OF MAURICE SAUNDERS, NEW YORK CITY, REPRESENTING THE LITHOGRAPHERS NATIONAL ASSOCIATION

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

Senator DENEEN. Mr. Saunders, for whom do you appear?

Mr. SAUNDERS. For the Lithographers National Association.

Senator DENEEN. On the schedule we have it states that you appear as representing the American Paper & Pulp Association?

Mr. SAUNDERS. That is wrong, because I have no connection with them at all. I am appearing specifically for the makers of decalcomanias and of cigar labels or bands and lithographs in general. In other words, I am making three appearances at the same time in order to save your time.

Paragraph 1406 is a somewhat extensive paragraph and perhaps it will make it easier for you gentlemen if we go down through paragraph 1406, as it appears and take up the items as they come along.

We filed a brief before the Ways and Means Committee, which we would like to have incorporated again in the record of your committee, and I will not cover those things.

Paragraph 1406, beginning in line 16, provides for labels and flaps, printed in less than eight colors (bronze printing to be counted as two colors) but not printed in whole or in part in metal leaf, 30 cents per pound. We asked for 35 cents. The old rate was 25 cents, and the Ways and Means Committee gave us 5 cents per pound advance there.

Then there is a provision for cigar bands of the same number of colors and printings, 35 cents per pound. We asked for 45 cents, and they gave us no increase.

Senator DENEEN. They gave you 40 cents, did they not?

Mr. SAUNDERS. No; they gave us 35 cents for cigar labels printed in less than eight colors. There are two classes of cigar bands there. In line 26 you will notice there is a provision for labels and flaps printed in eight or more colors. That is increased from 35 to 40 cents. We asked for 45 cents. For cigar bands in more than eight colors, the rate is 50 cents and we asked for 65 cents.

For labels and flaps, printed in whole or in part in metal leaf, the rate is 60 cents per pound and we asked for 75 cents. The rate for cigar bands is 65 cents and we asked for 80 cents.

We are dealing here with cigar bands and labels, a business which is highly specialized, as the lithographic industry is. We employ the highest type of skilled labor. Our industry is divided into specialties, of which the cigar label and band business is one, and then there is the fine color label business that goes along with it, covered by section 1406, part of which I have just read.

In this book I have here there is exhibited a lot of cigar labels and bands, showing the colors of the different pieces that are required to cover the cigar boxes. I will leave these different kinds and types

of labels here so they will be available for the inspection of the committee.

In this book we have included a large number of different types of cigar bands, which is a specialized business.

The cigar-band business is peculiarly susceptible to foreign competition by reason of the much lower cost of labor on the other side and the quantities of cigar bands that are purchased, and over a long period of years we have had exceedingly keen competition from the German manufacturers of cigar labels and bands. The imports of cigar bands have increased 100 per cent or more in the last two years; that is, the 1928 importations of bronze bands more than doubled the importations of 1926.

We feel we are entitled to some increase in the rate, otherwise we are going to get a very largely increased volume of importations.

The cigar business, which is the only industry to which we can sell this class of goods, is not increasing. There are about 6,500,000,000 cigars manufactured, and it is declining rather than increasing. Therefore, we find we have not a market—that is, an expanding market—to which we can sell these goods. The only possible increase on this class of goods to-day in this country is coming about by putting bands on some presently unbanded cigars, and that is all. And that is not great.

Therefore, we think we are entitled to some increase, and we think the increase we asked for was small.

Senator COUZENS. This increase that is asked for is based on the difference between the cost of production here and abroad?

Mr. SAUNDERS. Yes, sir.

Senator COUZENS. That is all set out in your brief?

Mr. SAUNDERS. Yes, sir. I will come to this question of wages presently and speak about that.

Senator COUZENS. Is the question of wages discussed in your brief?

Mr. SAUNDERS. It is all discussed in our brief, but I would like to discuss it a little bit further, because I anticipate somebody will bring up the question of the German wages, and I want to lay our cards on the table.

Senator COUZENS. It will not be a repetition?

Mr. SAUNDERS. No; it will not be a repetition of what I said before. I will try to stay away from that.

One class of cigar band that is imported and of some labels are those covered with metal leaf, as distinguished from metal bronze. The metal leaf business is a long operation. We did have a considerable quantity of that class of business in this country some years ago, but now we have practically none of it because we were not able in 1922 to get a sufficient tariff to permit us to do that work here, and that business has almost entirely disappeared from the States.

We have asked for 15 cents a pound increase on metal leaf, as set forth in our brief, and we are firmly convinced that we are entitled to it.

The total annual business in the cigar label and band business amounts to about \$4,000,000, and it is peculiarly sensitive. We have not only keen competition in the States between concerns that specialize in it, but we have foreign competition which is having an effect upon our prices and makes it more difficult for us to get this business.

If there are any particular questions about the cigar band and label business I will be glad to answer them.

Senator WALSH. I would like to ask you about the extent of imports in comparison with the consumption of cigar bands in this country.

Mr. SAUNDERS. It is about 15 per cent.

Senator WALSH. Has there been any increase in those imports in recent years?

Mr. SAUNDERS. Yes.

Senator WALSH. How much of an increase?

Mr. SAUNDERS. The cigar bands imported in 1928 were twice the number imported in 1926. During the war, of course, these imports entirely disappeared. Immediately following the war, when wages and currency were very low abroad, we got a vast quantity. In 1924 we got a considerable amount of imports and in 1923 we had a considerable amount of imports hanging over from 1922. They increase now at the rate of about 10 per cent a year.

Senator WALSH. Do you export any of your bands?

Mr. SAUNDERS. No.

Senator WALSH. None at all?

Mr. SAUNDERS. No. We import our bands entirely from Germany and Cuba. In 1924 Cuba enjoyed much business in this country but the Germans have taken it away from Cuba until now Cuba sells a very small quantity to the United States.

Senator WALSH. I suppose you have in your brief a table showing the increase in imports?

Mr. SAUNDERS. Yes.

Senator WALSH. And the increase in consumption?

Mr. SAUNDERS. There is no difference there.

Senator WALSH. Are there no more bands used now than a few years ago.

Mr. SAUNDERS. It is impossible to say; there are no more than several years ago. The cigar business is declining. There were made last year 6,500,000 cigars, while there were formerly over 8,000,000 cigars made, and with that decline comes the decline in our business.

Senator WALSH. The consumption has been declining but the imports have been increasing?

Mr. SAUNDERS. Yes, sir. This specialized type of business requires a specialized type of employees in this business, and that means if you take them away from that business those men have difficulty in finding jobs. That is what it amounts to.

We come now to the transparencies, which you will find in line 9 on page 169 of the bill. The section relating to transparencies is a new section introduced there at our request, and the reason we requested it, I think, will be apparent to you gentlemen immediately.

We have here a special type of advertising production which as you will see is made on light-weight paper, and it is an expensive thing to produce.

We asked that transparencies be specifically provided for because this product has been enjoying a rate of 25 cents a pound, it being a product that comes in under the provision in regard to products of less than eight one-thousandths of an inch thick. At 25 cents a

pound there was no protection whatever to American manufacturers who had specialized in building up this business.

These goods are made in four or five factories in this country. They are made principally in Ireland, Belgium, Germany, and a few in France.

As to the importations in quantity, I can not state the amount because there has been no way of separating these in the customs accounts, they being thrown in with everything that goes into that schedule. We do not know whether this business amounts to a million or a million and a half or two million dollars. We do know that our business in this country has been declining steadily. We do know that the foreign seller of this material sells at from 65 to 75 per cent of our prices.

It is apparent to you at once when you examine this situation—there is a transparency [exhibiting] that weighs 13 pounds to the thousand; there is an imported transparency, and the quotations on those transparencies to the buyer are six cents apiece by the domestic manufacturer and about four cents apiece for the importations, duty and delivery paid. The duty was \$3.25 on goods weighing 13 pounds. There is a difference of \$20 per thousand in price, and \$3.25 duty meant nothing.

We did make a very complete analysis of a large number of imported transparencies and domestically manufactured transparencies, covering prices, wages, and duty-paid, and we made a suggestion as to the rate that should be paid, which seemed to us to be fair. Here are a number of these transparencies which we will leave for your inspection, with certain data appended to them.

We recommended a rate on transparencies in not more than five printings of \$1.25 a pound, plus 25 per cent ad valorem, and with over five printings, \$1.50 a pound and 50 per cent ad valorem.

Senator COUZENS. Will you state why you make that division?

Mr. SAUNDERS. I will illustrate that right here. There is a transparency [indicating] that is printed in three or four printings, a simple type of design costing perhaps \$60 to put on stone. It weighs about 12 or 15 pounds. Here is one, essentially the same, but which costs about \$300 to put on stone. The effect of this, in the single rate of duty that has prevailed, is that on the initial work of putting these drawings on stone, we will put out, say, 5,000 of those at \$60 a drawing, and the cost would be \$12 a thousand, and for 10,000 it would be \$6.

The foreign labor on this [indicating], at about 25 per cent or 20 per cent of our cost, would represent a distinct advantage in the lithographing alone—that is, the stone drawing alone—before any work had been done in putting it on paper.

On that one [indicating] if it cost \$300 to put it on stone here and \$75 in Germany, that would mean \$60 a thousand here and \$15 a thousand in Germany, or an advantage of \$45 a thousand, or on 10,000, \$30 a thousand here and \$7.50 in Germany, or a difference of \$22.50 a thousand.

In the matter of lithographing they have a very great advantage over us in connection with the wages paid to the lithographers, and that reflects itself after these original drawings are made. If I get the point across, we have here two divisions of transparencies, the

simple one, which is cheap to produce, on which a lower rate of duty should prevail, and a much more expensive one to produce, on which a high rate of duty should prevail.

Senator COUZENS. What proportion of that do you want a specific tax on and on what proportion an ad valorem duty?

Mr. SAUNDERS. We suggested \$1.50 a pound and 50 per cent on that, as equalizing to some extent the difference in the cost of the original stone drawings here and in Germany.

Senator WALSH. What is provided in the present House bill?

Mr. SAUNDERS. Forty per cent ad valorem on that [indicating] and 50 per cent on this one [indicating]. The differential is not enough. This ought to be considerably more than 50 per cent, if this is allowed to come in at 40 per cent.

Advertising material of this character is not frequently reprinted. It is a new design practically each time, and therefore instead of buying first 25,000 and then another 25,000, they have a new design and spend four or five hundred dollars for the work of the artist, which on 20,000 amounts to about \$25 a thousand. It is that cost of the preparatory work which creates a very uneven balance on a single rate made to the simple stuff and the expensive stuff.

Senator WALSH. What is the percentage of difference, two and a half or five times as much?

Mr. SAUNDERS. I can not tell you that. This [indicating] might sell for 10 cents and this one [indicating] might sell for 30 cents. The fact of the matter is the figures which I suggested were based upon an analysis of a great number of domestically manufactured signs and imported signs of which we have very accurate knowledge as to prices. We want to renew our request for \$1.25 a pound and 25 per cent ad valorem, and \$1.50 per pound and 50 per cent ad valorem, or reasonably equivalent ad valorem rates. We would prefer the pound rate.

Senator COUZENS. Have you anything in your brief on the question of valuation?

Mr. SAUNDERS. As between American and foreign valuation?

Senator COUZENS. Yes.

Mr. SAUNDERS. We have not, because practically all our rates have been specific rates, and we have not been particularly concerned with the question of valuation.

Senator COUZENS. You would be, with an ad valorem duty basis?

Mr. SAUNDERS. Yes; we probably would be very much concerned about it under those conditions.

Senator COUZENS. Assuming you are going to be concerned about it, which basis do you prefer?

Mr. SAUNDERS. I would say to you very frankly it would be greatly to our advantage if there were a United States valuation.

Senator COUZENS. In that event, of course, you would have to scale down the rate?

Mr. SAUNDERS. We probably would. That can be figured out and adjusted on a proper basis.

Senator COUZENS. Under the present situation you have had no experience along that line?

Mr. SAUNDERS. Only in our investigation, in checking up this information.

Senator COUZENS. In that case you have had no difficulty in arriving at foreign valuation?

Mr. SAUNDERS. We do have difficulty in getting foreign valuations. We can get the selling prices of the importer on a competitive article here through friendly relations with the buyers. But that does not disclose the foreign costs. We would have to check the foreign cost by deducting what may be the profit and what we think may be the expense in getting the stuff over here and the duty paid. We occasionally do get some information. We have some information here on the item of transparencies that shows the foreign valuation. We check this against all our information to see whether we are right or wrong.

If I have not made myself clear on this transparency matter I, would like to go further.

Senator WALSH. We will examine your brief.

Mr. SAUNDERS. The next item in paragraph 1406 is fashion magazines or periodicals, printed in whole or in part lithographic process, or decorated by hand, 8 cents per pound. There was no change made in that.

Then comes the item covering decalcomanias in ceramic colors, weighing not over 100 pounds per 1,000 sheets on the basis of 20 by 30 inches in dimensions, \$1.40 per pound.

The old rate was 70 cents, and we asked for \$3.15 and 15 per cent ad valorem. Then the next is for the same thing weighing over 100 pounds per 1,000 sheets on the basis of 20 by 30 inches in dimensions, on which the rate was 22 cents per pound, and it was raised to 35 cents. We asked for \$1 per pound and 15 per cent ad valorem.

Mr. Duhrssen spoke here a few moments ago as an importer on this subject of ceramic decalcomanias. So that you may see exactly what we are talking about, I have here some sheets. This one was printed in Germany [exhibiting sheet]. This one was printed in the United States [exhibiting sheet].

This is printed on what is known as duplex decalcomania paper, named by reason of the thin sheet of tissue paper being attached to a heavy backing sheet, this being necessary for the handling of the sheets through the various processes, this stuff being printed in anywhere from six or seven to fifteen or eighteen and sometimes more printings. A light sheet like that could not be handled on the presses.

It is usually imported in this form. When it gets to the pottery for use, this heavy backing sheet is taken off, and only this light sheet is used [illustrating]. The reason for the light sheet being so that it can be curved around the saucers, plates, or other forms of pottery. The paper is burned off in the kiln.

This is a specialized proposition handled by a small number of plants in this country and by a considerable number of plants in Germany. The situation is this: This product produced in Germany comes into this country in increasing quantities. The importations in 1928 being 33½ per cent greater than they were in 1927.

The foreign value of these sheets as imported into our custom houses in 1927 and 1928 was close to 17 cents a sheet of that size, 22 by 29, all one size. The cost of these sheets, in the quantities that are imported, in the United States is 36 cents a sheet. Now, we have got a spread between the cost of foreign sheets and the cost of

United States manufactured sheets of 19 cents. Under the tariff of 1922 we got about 5½ cents a sheet protection. Under this proposed rate of 35 cents and \$1.40 a pound we would get a trifle over 7 cents a sheet protection. We would still be 12 cents away from an equalizing rate.

Mr. Duhrsen spoke about their having increased the rate to 50 cents and then having reduced it to 35 cents because they thought it was too high in the Ways and Means Committee. That was not the reason. The reason was that they increased the rate to 50 cents on this heavy sheet, and they left this tissue sheet at 70 cents [illustrating]. The effect of that would have been that after this sheet was manufactured in Germany they would have stripped this heavy sheet off and shipped in only this thin sheet, at 70 cents a pound, and there would have been no increase in the duty. The ratio of this complete sheet to this thin sheet is about four to one. In other words, this sheet weighs 130 pounds to a thousand sheets; this sheet weighs about 30 pounds to a thousand sheets. Therefore, the rate should be about four times on this tissue sheet what the rate is on this heavy sheet.

In endeavoring to explain this situation to the Ways and Means Committee, and also to some gentlemen on your committee, we ran into a very great difficulty. We could not make them understand that this was one and the same article and that whatever rate was made on this heavy sheet a rate four times greater would have to be made on this tissue sheet.

The importations of these thin sheets now is confined almost entirely to the small quantities that are sent over here by mail in advance of the larger shipments. We got in last year approximately 5,000 pounds of that where we got in about half a million pounds of the other, but if the rates were not equalized practically all of this would come in the tissue form and none of the complete sheets would come in.

Senator COUZENS. Do I understand that these are printed together?

Mr. SAUNDERS. They are printed separately.

Senator COUZENS. What do they do when they get them over here to separate the sheets?

Mr. SAUNDERS. They take this heavy backing sheet off, so that they can use this thin sheet.

Senator COUZENS. I understand that, but you said they would separate them before they shipped them over.

Mr. SAUNDERS. I said they would separate them if you allow the rate to stand at 70 cents, with an increased rate for the heavy sheets.

Senator COUZENS. I am trying to get out how they handle them to separate them before they come over.

Senator WALSH. This body is necessary to have on it in order to do the printing.

Senator KEYES. They would be put together over here, would they not?

Mr. SAUNDERS. No, they would not be put together again, because this thin sheet must be taken off of this heavy back.

Senator KEYES. But if that comes over here alone, how is it going to be handled here?

Mr. SAUNDERS. Just in that form, Senator, because when they get this over here they have to take this top section off. They have to take this off before they can use it.

Senator COUZENS. But you stated that under a certain set of facts they would remove them before they shipped them; now you say they can not be sent that way, and I wondered how they would do.

Mr. SAUNDERS. No; I say they would be separated and these sheets would be shipped flat as tissue sheets.

Senator COUZENS. What is the object of putting that back on them if they can be handled the other way?

Mr. SAUNDERS. They can not be printed without that. They can not be printed in this weight of paper.

Senator WALSH. It has to be put on there for printing purposes, but that back is not necessary for transportation.

Senator COUZENS. What is the use of transporting them if it is not necessary?

Mr. SAUNDERS. Under present rates of duty there is no particular object, and it is more convenient to handle this stuff with a heavy backing on it, but if there were a very great difference in import duty, Senator, they certainly would not bring in this heavy paper; they would only bring in this light paper [indicating].

Senator COUZENS. Can there be any objection to that?

Mr. SAUNDERS. Not if you equalize it, but just the difficulty that we are having here is the very difficulty that we have had all along the line in trying to illustrate this thing; therefore, at the suggestion of a member of the Finance Committee we have tried to find a simpler way of handling it, the difficulty being that there are two rates for this one article. The members of the Ways and Means Committee thought there were two articles. They thought there were two different weights of paper and that they were making two rates on two different articles, whereas they were making a rate on one article.

Senator COUZENS. I agree with the Ways and Means Committee then, because if they can be separated they are two articles.

Senator WALSH. But the rate upon one ought to be based upon compensating for the other. The base rate here is for the base paper and the other a compensatory rate.

Mr. SAUNDERS. Absolutely. And if it is based upon that, we are entirely satisfied. The rate that we suggest, of a dollar a pound, would give us 15 and a fraction cents a sheet, against a spread of 19 cents a sheet. For the purpose of simplifying this, however, we have worked out a different formula in which we get rid of a good deal of this difficulty. We would spread it over a square-inch surface basis rather than on a pound basis, and we have a definite suggestion to offer that you may consider for that accomplishment, that decalcomanias in ceramic colors be 20 cents per thousand square inches and 15 per cent ad valorem, provided that the area of the ceramic decalcomanias shall be the product of the greatest dimensions of the length and breadth of the sheet as imported. That would take the place of the words in paragraph 1406, page 169, lines 17 to 23. That would make one rate, gentlemen, covering the surface area and it does not make the slightest difference how it comes in.

The difference in labor cost here and in Germany is what creates this spread of 19 cents, and that difference in labor cost arises out of the difference in wages paid. There is practically no difference in the cost of the paper. This paper is all made in one mill in England. There is no other mill in the world that makes that.

duplex decalcomania paper, therefore we have to get it from there and the Germans have to get it from there. But the difference in wages is a very great item in the production, and another very great item is in the cost of putting these designs on stone for a set of china. It takes about four sheets, perhaps, of that, with a great many different designs made in difference sizes for the different curved plates and saucers, pitchers, and other things, and that has to be put on stone by skilled artists and has to be proofed, and the expense of doing that in Germany is very much less than it is here. They are also able to speculate a good deal more than we can speculate here. The conditions recited to you a few minutes ago about the business being transferred to this country by reason of their not being able to wait for their stuff from Germany is not reflected in the import figures, because our business is not increasing; in fact, it is declining slightly here, while the import business increased a third. The business that we do get here is when a design has become successful and they buy in large editions, and they want it at a specified time, and we can deliver it and print in large sheets somewhat cheaper than they can print in the smaller sheets on the other side, possibly. I do not know.

Now, this business in the last seven years has been transferred from about 25 per cent of the total consumption in this country imported, to about 65 per cent at the present time, and it is increasing.

What that means in a labor way is this: That if we were to convert all of the stuff of this character that is imported in to-day's work in this country we would have work for 30 presses for one year; we would have work for 350 to 400 people; we would pay out about \$750,000 to \$800,000 in additional wages. That is what it would mean if we manufactured these decalcomanias in this country instead of buying abroad. It means that an importer here employs, perhaps—well, as testified before the Ways and Means Committee, six people. We would be employing perhaps a hundred additional people for every six that he employs. That would be wages paid here. For the other importers, the same thing goes. They would employ more people here and fewer people abroad.

So that we have got what we believe to be an absolutely sound case between the difference in cost of wages here and cost of wages abroad, cost of production abroad and cost of production here, and we think that we are entitled to the 15 and a fraction cents per sheet which we ask on decalcomanias. We have not asked for the full 19 cents. We recognize that we would have some advantage in domestic production if there was a more adequate rate of duty placed upon this article.

Now, in this same paragraph we get another type of decalcomania. This paragraph goes on to read "all the other decalcomanias except toy decalcomanias." Toy decalcomanias—you probably all remember how you used to stick them on the back of your hands—have been transferred to the toy schedule and pay 70 per cent ad valorem—"if not backed with metal leaf, 40 cents per pound; if backed with metal leaf, 65 cents per pound." We ask on those items an increase of 10 cents a pound.

Senator COUZENS. You say that applies to what?

Mr. SAUNDERS. Toy decalcomanias. They used to be in the decalcomania schedule, but were transferred to the toy schedule and

put in at the regular rate of 70 per cent as toys, because they were not a commercial proposition. We are dealing here with commercial requirements.

There is a sheet of what we call "cold" decalcomanias, printed in vegetable colors. The ceramic decalcomanias are printed in mineral colors. This is printed on simplex paper; that is, there is no tissue base to this paper. This paper is made in the same mill that makes the other paper in England. It is also made in this country. In the paper schedule they have asked for a 10 per cent increase on this paper. If that 10 per cent is granted, then we will get an increase of about a cent a sheet, a little more than a cent a sheet on this. If we get increases in colors, as we always do whenever there is a tariff revision, we will have an increase of around $1\frac{1}{2}$ or 2 cents a sheet on the cost of production of this stuff in this country. We ask 10 cents a pound increase, which would give us approximately 2 cents a sheet increased duty protection. We believe that we are entitled to it. Here again we have the same condition with reference to wages. You will be told probably that there is no such spread in wages as we have represented. We will demonstrate to you presently that we think we know what we are talking about.

This sheet represents the same kind of cold decalcomania with a metal backing, on which we ask an increase of 10 cents. Importations of this stuff are not as large as on ceramic decalcomanias, because delivery and selling requirements are quite different here and amount to something less than \$100,000.

The wage situation here and in Germany was covered in our brief, and represented that wages here were about one-fifth of the wages paid in Germany. Now, you are going to be told that that statement is an exaggeration and does not represent the wages that are paid in Germany as compared with the wages that are paid here. In a brief filed by the Valentine people before the Ways and Means Committee they referred to this statement that we had made, that wages were about one-fifth, and said that we gave no authority for it, and that we did not know what we were talking about. I therefore want to present to your committee, and get it into the record, the authority which we have on this matter of wages.

Senator COUZENS. In computing those wages did you take into account the difference in productivity of the man in Germany and the man here?

Mr. SAUNDERS. No, not in computing the wages. I have given you the actual wages paid in dollars, converted from marks or shillings or pounds into dollars, at the rate of exchange.

Senator COUZENS. Is it true, or is it not true, that there is greater productivity per man in this country than there is in Germany?

Mr. SAUNDERS. I think there is.

Senator COUZENS. And there would have to be some adjustment to make in order to get the actual wages.

Mr. SAUNDERS. We have taken that into consideration in what we have asked for as a rate of duty.

Senator COUZENS. I am not referring to that. I am referring now to your comparison of wages, whether you have taken the difference in productivity into account.

Mr. SAUNDERS. I do not know how you could get actual facts regarding that, Senator.

Senator COUZENS. Without that, those comparisons are not much good.

Mr. SAUNDERS. All right. You have been or will be told, and have been told in brief filed with the Ways and Means Committee, that the production abroad is about one-half what it is here. Now, that is not true. We know from investigation that our productivity here per press hour is somewhat greater than it is abroad.

Senator KEYES. How much?

Mr. SAUNDERS. Probably about 25 per cent, maybe 35 or 40 per cent on certain classes of work and under certain conditions.

Senator COUZENS. You see how important that is when you come to make comparisons of wages.

Mr. SAUNDERS. As I said before, we have tried to take that into consideration in not asking for a full 19 cents per sheet on this ceramic decalcomanian proposition.

Senator COUZENS. You may have taken that into account in specifying the rates, but in making the comparison in wages that you present or will present you have not taken that into account, have you?

Mr. SAUNDERS. No; because I am giving you the actual wages paid. Now, while we are on the subject, I want to go a bit further and say that in the matter of production of certain classes of work, lithographic work, Germany is producing more per hour than we are.

Senator COUZENS. What is the use of advancing a wage argument if you do not make a true comparison between productivity of workmen?

Mr. SAUNDERS. I can not make a true comparison in shops in the United States, Senator Couzens. You have in Detroit one of the most efficient lithographing establishments in this country, the Calvert Lithographic Co., and I can not make an exact wage comparison between the Calvert Lithographic Co. and some other shop in this country.

Senator COUZENS. It is difficult to get an accurate rate, then, is it not?

Mr. SAUNDERS. It is difficult, and you get it out of accumulated knowledge, and I have been in this business over 40 years, and I have been in this specialized field of it for a good many years, and it is my business to acquire all the information I can regarding comparative costs of production, wages in different parts of the world, and all other conditions that have to do with it. Now, when we made our statement regarding wages, we were not guessing about it at all; we took the official agreement between the union of lithographers in Germany and the employing lithographers and that is the basis of our figures. We have since checked this through other sources of information and we find that with very few exceptions this scale is adhered to in Germany in lithographic shops to-day, and wages, which are greatly in excess, or said to be greatly in excess, of the wages that we have quoted, are based on localities where this class of stuff is not produced. In other words, in Germany they set up five classes of rates, in cities up to 25,000, 25,000 to 100,000, 100,000 to 400,000, 400,000 to 800,000, 800,000 and over.

There are five classes and different wages are paid in each one of those cities. That conforms to just what occurs in this country. Wages are higher in New York and Chicago and Detroit than they are in Akron, Ohio, Rochester, N. Y., Cincinnati, and Milwaukee and some other places. That is as it should be. The cost of living is greater in those larger cities and wages should be higher. And that is put into the official scale in Germany, and this is our authority. The wages that we quote for England are taken from the official agreement between the lithographers and the union in England. The wages that we quote for Austria are the official agreement between the union and the employers in Austria. I was in those countries last year and personally investigated this matter to find out to what extent these wages were true, and I found that this is what they were paying, and they were not paying fancy wages, as will be told to you, and which apply to certain individual districts and not to the district in which decalcomania is manufactured.

I will supply all of this information to the Tariff Commission in detail, Senator. I will give them these documents so they will have it.

I think I ask in my statement there that the decalcomanias other than ceramics be increased from 40 to 50 cents and 65 to 75 cents, the original rate we asked.

We get further over in this paragraph into a miscellaneous lot of lithographic work, part of which includes the valentines that were shown to you a few moments ago; not exceeding eight one-thousandths of an inch in thickness, 30 cents per pound; exceeding eight one-thousandths and not exceeding twenty one-thousandths of an inch in thickness, less than 35 square inches cutting size in dimensions, 15 cents per pound; exceeding 35 square inches cutting size in dimensions, 12 cents per pound.

Now, in that section down to there, you get this miscellaneous lot of die cuts, made up of special forms of valentines, and the valentine people stated before the Ways and Means Committee that practically all of the stuff coming in less than 35 square inches and between eight one-thousandths and twenty one-thousandths inches thick were valentines, amounting practically to \$400,000. The greeting-card people asked for the transfer of valentines to the greeting-card section, 1410, and that was done in this bill, and valentines are now specifically covered in paragraph 1410, and if classified under 1410 will pay the rate of duty which I think is 35 per cent ad valorem. That would take this stuff out of this lithographic schedule, 1406, and I can not see any reason for continuing this provision here of 35 square inches. We suggested in our brief to the Ways and Means Committee that that be taken out, and I renew the request, because I do not think it has any place there if valentines are continued in 1410.

We also requested at that time that the thickness of paper which is specified here as eight one-thousandths of an inch be increased to twelve one-thousandths. The reason for our request is this: In 1906, when that provision was put into the act, practically all of the paper that we used was coated or supersized and calendered paper, and eight one-thousandths was the thickness of paper that was determined upon then as marking the change in rate. Since 1906 the char-

acter of the equipment used in the lithographic industry has changed entirely, and the character of paper used has changed entirely. So that now we use only a small quantity of the supersized and calendered and coated papers, but we do use a very large quantity of offset stock. Offset paper is fluffier and calipers thicker. In other words, to be specific, a coated paper that is not over but is about eight one-thousandths of an inch thick in 25 by 40 weighs 155 pounds. An offset paper 25 by 40, weighing 157 pounds, calipers 11 points, or eleven one-thousandths of an inch plus. In other words, it is three one-thousandths of an inch thicker for exactly the same weight.

The effect of leaving this eight one-thousandths is that we will get a very largely increased volume of stuff in here on a lighter weight paper, paying a much lower rate of duty per pound, but the thickness of the paper will be the same as it was before. The installation of the offset press in the lithograph business has been going on for about 20 years. In this country it has practically turned over to an offset press production. In Germany that has been going on only for two or three years. Now they are putting in more offset presses in Germany than we are putting in here each year. That is why we ask for that change.

I think those are the only matters, gentlemen, that I wanted to present.

Senator DENEEN. Are there any questions, gentlemen?

Senator WALSH. To whom do you sell these sheets?

Mr. SAUNDERS. To the pottery people.

Senator WALSH. What is their attitude toward increasing the duty?

Mr. SAUNDERS. They have asked for a very substantial increase themselves, and their attitude toward us, Senator, has been that we were entitled to some increase.

Senator WALSH. If we increase this rate, they will, of course, ask an increase in the rates that are already given them.

Mr. SAUNDERS. I do not know. I think they anticipated that there would be an increase in these rates. Testimony before the Ways and Means Committee brought out the fact that on a hundred-piece china set, for instance, costing \$30 or \$35, the increase would be a matter of 40 or 50 cents.

Senator WALSH. They have been given an increase?

Mr. SAUNDERS. Yes, sir.

Senator WALSH. Have you in your brief translated into ad valorem rates these specific rates?

Mr. SAUNDERS. I have not, but I think the Tariff Commission submitted you that information, or supplied that to the Ways and Means Committee.

Senator WALSH. To illustrate, what is the value of one of those sheets?

Mr. SAUNDERS. The value of one of those sheets?

Senator WALSH. Yes; on which you want a specific duty of 2 per cent plus an ad valorem duty, approximately.

Mr. SAUNDERS. A duty of 2 per cent?

Senator WALSH. Did you not say that?

Mr. SAUNDERS. No; 2 cents.

Senator WALSH. Two cents, rather. Two cents a sheet I thought you said. You see how important it is for us to know what it means in ad valorem rate.

Mr. SAUNDERS. Yes, I understand. The value of these sheets varies greatly according to the work put on it. Some sheets will be cheaper than others. You take this stuff, on the contrary, it runs pretty much the same. That is, we get a fair average value. This sheet sells in the market for 35 cents, I understand.

Senator WALSH. What rate do you want on that sheet?

Mr. SAUNDERS. We would like to get the equivalent of a dollar a pound and 15 per cent, or 20 cents a thousand square inches.

Senator WALSH. What would that represent a sheet?

Mr. SAUNDERS. Fifteen cents.

Senator DENEEN. Will you take that up with Mr. Smith, the expert from the Tariff Commission, the arrangement of your brief, so you will have your exhibits connected with your testimony so that we can follow it easily. We can not identify those pictures otherwise.

(Mr. Saunders submitted the following brief:)

BRIEF OF THE LITHOGRAPHERS NATIONAL ASSOCIATION

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

CIGAR LABELS AND BANDS

(Lines and page numbers refer to regular print and not the comparative print of HR 2667)

GENTLEMEN: Paragraph 1406, H. R. 2667, line 16, page 168, to line 7, page 169: "Labels and flaps, printed in less than eight colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 30 cents per pound; cigar bands of the same number of colors and printings, 35 cents per pound; labels and flaps printed in eight or more colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 40 cents per pound; cigar bands of the same number of colors and printing, 50 cents per pound; labels and flaps, printed in whole or in part in metal leaf, 60 cents per pound; cigar bands printed in whole or in part in metal leaf, 65 cents per pound; all labels, flaps, and bands, not exceeding ten square inches cutting size in dimensions, if embossed or die-cut, shall be subject to the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings (but no extra duty shall be assessed on labels, flaps, and bands for embossing or die-cutting)." (Brief filed with the Ways and Means Committee appears on pp. 6940-6948 of vol. 13—Tariff Readjustment, 1929.)

"Labels and flaps" cover a large variety of fine lithograph work. Cigar-box labels from Germany and fine cosmetic, perfume, and other luxury package decorative labels from France. Most of this class of work demands new and beautiful designs requiring expensive engravings to reproduce. Engravings cost the same whether the quantity purchased is large or small. The cost per 1,000, however, is much greater in small-quantity orders. Engravings costing \$100 equals \$20 per 1,000 for 5,000, \$10 per 1,000 for 10,000, or \$1 per 1,000 for 100,000. Duty on specific basis at 30 cents per pound does not and can not adequately equalize the difference in cost here and abroad on small quantity purchases where the engraving costs are high.

Practically all of this class of labels are decorated with either bronze or metal leaf. Bronze is cheaper and therefore more largely used on quantity orders. Metal leaf is finer, much more expensive, and quite generally used on luxury package decorations. Because of the large percentage of hand labor required on metal-leaf work, and because of the great difference in labor costs here and abroad, it has become impossible to meet prices quoted by importers for metal-leaf work.

Importations of metal-leaf work were 31 per cent greater in 1928 than in 1927 and 1,382 per cent greater than in 1924. Each year imports of metal-leaf work

are larger and the volume of United States manufactured work grows less. This is due almost wholly to insufficient import duty to equalize costs of labor here and abroad.

We again urge that the rate in line 18, page 168 (H. R. 2667), be increased to 35 cents; the rate in line 22, page 168 be increased to 45 cents; the rate in line 25, page 168, be increased to 75 cents.

Cigar bands are a highly specialized product. The competition of importers offering cigar bands made in Germany has, except during war years, been very keen. Despite such advantages as we may have in machinery, the Germans continue to increase their volume of sales in the United States with the result that selling prices are continually forced to lower levels.

Importations of cigar bands "printed in less than eight colors and bronze" were in 1928 more than double the imports in 1926 and seven times greater than in 1925.

Cigar bands "printed in whole or in part with metal leaf" come almost exclusively from Germany as the difference in hand-labor costs is so great that we can no longer compete. If the rate of duty is not materially increased, Germany will have an absolute monopoly on this class of cigar bands.

More than 95 per cent of all cigar bands manufactured in the United States are produced in lithographic shops located in New York, Brooklyn, and Detroit, where wages paid are the highest in the United States. Over 50 per cent of the cost of cigar bands goes to labor.

Cigar band sales depend upon the sales of cigars. The annual sale of cigars has declined from over eight billion in 1920 to less than six and a half billion in 1928. The only possible market for cigar bands is smaller each year. We contend that this situation demands protection for the United States manufacturers of cigar bands through adequate duty rates.

We again urge that the rate in line 20, page 168 (H. R. 2667), be increased to 45 cents; the rate in line 24, page 168, be increased to 65 cents, and the rate in line 1, page 169, be increased to 80 cents.

TRANSPARENCIES

Paragraph 1406, H. R. 2667, from line 7 to line 14, page 169:

"Transparencies, printed lithographically or otherwise, in not more than five printings (bronze printing to be counted as two printings), 40 per cent ad valorem; in more than five printings (bronze printing to be counted as two printings), 50 per cent ad valorem: *Provided*, That all invoices shall state the number of separate printings actually employed in the production of the transparency." (See statement in brief filed with Ways and Means Committee, half-way down p. 6981, vol. 13, Tariff Readjustment, 1929.)

Transparencies are an advertising specialty usually purchased in lots of five or ten thousand. Most orders are for new designs, requiring new engravings, therefore very few reprint orders. Special processes of manufacture and the extra printings required to secure correct effect make the labor cost high, over 50 per cent. Being very light in weight, the present duty of 25 cents per pound offers little protection.

An important consideration is the cost of preparing the original engravings. Two exhibits are attached to illustrate.

Sample A: "Gould battery," very simple to make; cost of original engravings in the United States \$50 or \$10 per 1,000 on an order for 5,000, or \$5 per 1,000 for 10,000. The cost of these same engravings in Germany would be not over \$12 or \$2.40 per 1,000 on an order for 5,000 or \$1.20 for 10,000. These transparencies weigh 18 pounds to 1,000. At 25 cents per pound (present rate) duty amounts to \$4.50 per 1,000. The saving on engraving cost alone is \$7.60 on 5,000 or \$3.80 on 10,000 while the duty is \$4.50 per 1,000.

Sample B: "Colgate's," a more elaborate and much more expensive design to reproduce. Cost of original engravings in the United States \$360 or \$72 per 1,000 on an order for 5,000 or \$36 per 1,000 for 10,000. The cost of these engravings in Germany would be not more than \$75 or \$15 per 1,000 on an order for 5,000 or \$7.50 on 10,000.

These transparencies weigh 12½ pounds to 1,000. At 25 cents per pound (present rate) duty amounts to \$3.13 per 1,000. The saving to Germany on engraving cost alone is \$57 per 1,000 for 5,000 or \$28.50 per 1,000 on 10,000.

The point is that the present rate of 25 cents per pound in no way covers this great difference in engraving costs on two separate transparencies of approxi-

mately the same size. The much more expensive product pays less duty per piece.

Selling prices for the Gould battery transparency: 5,000, \$425; 10,000, \$675.

Selling prices for the Colgate transparency: 5,000, \$950; 10,000 \$1,300.

We have supplied the Tariff Commission with exact detailed data covering prices, weights and where known, foreign value, covering a number of different transparencies.

The above and other illustrations show clearly that the rates of 40 per cent and 50 per cent, incorporated in paragraph 1406, H. R. 2667, are quite insufficient to meet the differences in cost here and abroad. Also the 10 per cent difference in rates is not enough to correctly meet the great difference in costs as between simple, low cost, designs and the fancy, high cost, designs, in many colors. The higher rate should be, at the very least, once and a half times greater than the lower rate.

We have made many computations in an effort to develop a fair rate of duty and we again urge that the rates be made \$1.25 per pound and 25 per cent ad valorem on transparencies in not more than five printings—bronze printing to be counted as two printings—and in more than five printings—bronze printing to be counted as two printings—\$1.50 per pound and 50 per cent ad valorem.

While this appears to be a high rate of duty, importers have, for many years, enjoyed a very great advantage on this high-priced specialty, and we are now seeking only a fair rate that will permit United States manufacturers of transparencies to continue in business. Since the war years importations have steadily increased while domestic manufacture has steadily declined.

DECALCOMANIAS

Paragraph 1406, H. R. 2667, from line 17 to line 23, page 169:

"Decalcomanias in ceramic colors, weighing not over one hundred pounds per one thousand sheets on the basis of twenty by thirty inches in dimensions, \$1.40 per pound and 15 per centum ad valorem; weighing over one hundred pounds per thousand sheets on the basis of twenty by thirty inches in dimensions, 35 cents per pound and 15 per centum ad valorem." (See brief filed with Ways and Means Committee, pp. 6969-6972, Tariff Readjustment 1929, vol. 13.)

Ceramic decalcomanias are used almost exclusively for the decoration of pottery. They are manufactured in four or five plants in the United States and a large number of plants located in the smaller cities and towns in Germany and Czechoslovakia. Small quantities of decalcomanias come from England.

Labor absorbs approximately 75 per cent of the dollar cost of manufacturing. Because of the great difference in wages paid in the United States as compared with Germany, and the present very low rate of duty, the foreign manufacturer of ceramic decalcomanias has had so great an advantage that imports have steadily increased until now they represent more than 65 per cent of the total sales. The imports in 1928 were over 33 per cent greater than in 1927.

The declared value of all ceramic decalcomanias imported in 1928 showed a lower unit cost than the imports for any previous year since the war.

Information obtained since the hearing before the Committee on Ways and Means reinforces and emphasizes all of the statements made in the brief filed with that committee. We desire to make no changes in statements made or the figures quoted. A duty amounting to 19 cents per sheet, size 22½ by 29½ (standard size of sheet) is needed to bring imported ceramic decalcomanias up to the average cost of production in the United States.

We did not ask for 19 cents. We asked for a duty that would give us approximately 15 cents per sheet, recognizing that the importer would still have some advantage but not so great as to make it practically impossible to secure orders for United States factories on new designs and short runs which represent the great bulk of ceramic decalcomania business.

We have had difficulty in making it clear that while there are two different rates fixed for two different weights of ceramic decalcomania sheets, we nevertheless are dealing with one article and not two separate articles.

All ceramic decalcomanias are printed on duplex paper which is composed of a sheet of heavy paper four one-thousandths of an inch thick, to one surface of which there is attached, at the time of manufacture, a sheet of tissue one one-thousandth of an inch thick. The design is printed upon the tissue paper. The thick sheet merely supports the thinner sheet and is required to make repeated handling through the press possible. It is not possible to print from 8 to 20 colors on a sheet of tissue paper.

To use the decalcomania print to decorate pottery, the tissue paper must be separated or "stripped" from the heavier backing sheet. It is these "stripped" sheets that make up the classification of "decalcomanias in ceramic colors weighing not over 100 pounds per 1,000 sheets."

In the size sheet usually printed (22½ by 29½) ceramic decalcomanias weigh approximately 130 pounds to 1,000 sheets. When the backing sheet is taken off, the "stripped" sheets weigh approximately 31 pounds to 1,000 sheets. As a practical proposition, therefore, the dutiable rate for the "stripped" sheet must be enough to make the total duty equal to the total duty that is paid upon complete or nonstripped sheets. Otherwise it will be to the advantage of the German manufacturer or decalcomanias to strip the decalcomanias from the backing sheet and deliver only "stripped" sheets.

In the Dingley bill there was only one rate provision for ceramic decalcomanias, no distinction being made between complete and "stripped" sheets. The importers took advantage of this omission and brought in "stripped" sheets at one-third the duty which Congress had intended for the protection of American manufacturers. The double classification for "stripped" sheets (under 100 pounds per 1,000) and nonstripped sheets (over 100 pounds per 1,000) was made in 1909 to compel importations at the proper rate.

Present imports of "stripped" sheets represent sample sheets or first deliveries from the edition, which are sent by parcel post. On the basis of present tariff rates there is nothing to be gained by shipping "stripped" sheets as a commercial proposition.

Whatever rate of duty is fixed for regular or unstripped sheets (weighing over 100 pounds) a comparable or compensatory rate must be made for "stripped" sheets (weighing under 100 pounds) approximately four times that for regular sheets.

The import figures show a declared value on regular decalcomania sheets to be \$170.30 per 1,000 sheets. Using the rate which we asked, "\$1 per pound and 15 per cent ad valorem," the duty on regular sheets will amount to \$155.50 per 1,000 sheets, or 15½ cents per sheet.

130 pounds, at \$1 per pound.....	\$130.00
15 per cent on \$170.30.....	25.50

Duty per 1,000 sheets.....	155.50
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For "stripped" sheets, the value is the same but the weight is 31 pounds instead of 130 pounds and the rate of duty should therefore be \$4 per pound which would make the duty \$149.50 per 1,000 sheets, or 15 cents a sheet as against 15½ cents per sheet for the regular sheets.

31 pounds, at \$4.....	\$124.00
15 per cent on \$170.30.....	25.50

Duty per 1,000 sheets.....	149.50
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Because of the difficulty which we have had in making this situation perfectly clear, it has been suggested that a change should be made and duty be assessed on a square-inch basis instead of on a weight basis. We believe that it would be much simpler, and that the customs department would find appraising much simpler if the method of assessing duty is changed to a square-inch basis, and we therefore recommend that the phraseology "decalcomanias in ceramic colors, weighing not over 100 pounds per 1,000 sheets, on the basis of 20 by 30 inches in dimension, \$1.40 per pound and 15 per cent ad valorem; weighing over 100 pounds for 1,000 sheets, on the basis of 20 by 30 inches in dimension, 35 cents per pound and 15 per cent ad valorem," be changed to read "decalcomanias in ceramic colors 20 cents per 1,000 square inches and 15 per cent ad valorem: *Provided*, That the area of ceramic decalcomanias shall be the product of the greatest dimension of length and breadth of the sheet as imported."

Duty assessed at the rate of 20 cents per 1,000 square inches and 15 per cent ad valorem amounts to 15½ cents per sheet. If this suggested change is adopted it makes no difference whether the sheets come in stripped or unstripped, they pay the same rate and amount of duty.

Ceramic decalcomanias imported in 1928, if manufactured in the United States, would have furnished steady work for more than 300 skilled employees for one year, representing a pay roll of between seven and eight hundred thousand dollars. If the rate of duty is not increased to at least 15 cents a sheet this business will continue to go abroad.

Lines 23, 24, 25, page 169:

"All other decalcomanias, except toy decalcomanias, if not backed with metal leaf, 40 cents per pound; if backed with metal leaf, 65 cents per pound."

This represents a different type of decalcomania, known in the trade as "cold decalcomanias." The paper used is known as simplex decalcomania paper. It is very largely imported from England and under the present tariff act pays a duty of 5 cents per pound. This rate of duty has been increased in paragraph 1405, line 3, page 167, H. R. 2667, to 5 cents per pound and 10 per cent ad valorem. If this increased duty of 10 per cent goes into effect it will increase the cost of production here by an even greater amount. Also there will be other increases as a result from changes in duty on colors. For these reasons we are clearly entitled to the increase which we ask of 10 cents per pound.

We therefore urge that the rate of 40 cents, in line 24, page 169, be increased to 50 cents, and the rate of 65 cents in line 25, page 169, be increased to 75 cents.

LITHOGRAPHIC FRINTS

Paragraph 1406, H. R. 2667, line 1 to line 13, page 170:

"All articles other than those hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of an inch in thickness, 30 cents per pound; exceeding eight and not exceeding twenty one-thousandths of one inch in thickness, and less than thirty-five square inches cutting size in dimensions, 15 cents per pound; exceeding thirty-five square inches cutting size in dimensions, 12 cents per pound, and in addition thereto on all said articles exceeding eight and not exceeding twenty one-thousandths of an inch in thickness, if either die cut or embossed, 1 cent per pound; if both die cut and embossed, 2 cents per pound; exceeding twenty one-thousandths of one inch in thickness, 10 cents per pound."

We can add little to the statements made before the Ways and Means Committee, pages 6975 to 6983, volume 13, Tariff Readjustment, 1929. All of the arguments that were presented then for changes in rates and changes in phraseology are more forceful at the present time than when presented.

Valentines have heretofore come in under paragraph 1309 of the present law but H. R. 2667 specifically provides for "valentines," in paragraph 1410, line 3, page 174. Practically all of the importations "less than 35 square inches cutting size in dimensions," lines 5 and 6, page 170, were "valentines." Since this item is now transferred to paragraph 1410 we believe it desirable to eliminate from paragraph 1406 the words in lines 5 and 6 "and less than 35 square inches cutting size in dimensions," and in lines 6 and 7, "exceeding 35 square inches cutting size in dimensions." It is a fact that these specifications were originally made to satisfy the importers of valentines; therefore if valentines are specifically provided for in paragraph 1410 there is no reason why this language should be continued in paragraph 1406.

In our brief to the Committee on Ways and Means we asked that the line of demarcation in the thickness of paper be increased from eight one-thousandths of an inch to twelve one-thousandths of an inch. Our reasons are fully explained in the Ways and Means Committee brief. Recently we were informed that during the past year more than 200 additional high-speed offset presses have been installed in German plants and that the importation of lithographed material, on offset paper, is rapidly increasing. While the basis of eight one-thousandths of an inch thick was fair in 1906, when there were not offset presses in use, there has since been a complete revolution in the character of paper used and the type of press on which the paper is lithographed. Offset paper, of exactly the same weight, is about three one-thousandths of an inch thicker than coated or calendered paper. We therefore urge strongly that in line 2, page 170, of paragraph 1405, "eight one-thousandths" be changed to "twelve one-thousandths."

In our brief filed with the Ways and Means Committee, page 6982, we asked for a very substantial increase in the rate on "embossing" and "die cutting." While some increase had been allowed, it is quite insufficient to meet the increased and enhanced value of the article which results from embossing or die cutting or both. We again urge your committee to approve our request for 5 cents per pound "if either die cut or embossed" and 10 cents per pound additional "if both die cut and embossed."

Because of certain statements which have been made in reference to our authority regarding wages paid in Germany, we desire to state that the figures

quoted in our brief filed with the Ways and Means Committee are taken from the official agreement made between the Union of Lithographic Workers and the employers in Germany, Austria, and England. In those countries all workmen must belong to the union. We have quite recent information that these wage scales are in force, and except in a very few shops located in the larger cities the wages provided for in the agreement are now being paid. Statements to the contrary lack substantial proof as applied to the entire industry. Statements with reference to wages paid in a single city or in selected shops in larger cities can not be accepted as representative of current wage scales for the entire industry. The fact that decalcomanias having a foreign value of over \$600,000 were imported in 1928 at a lower average price than for any previous year since the war is substantial proof that there has been no general increase in wages.

Taking into consideration the productivity per man, the wage costs in the United States are from four to five times greater per hour than in Germany, from which country comes much the largest volume of lithographic imports. In the matter of productivity per man and machine we desire to state that in Germany there are operating certain types of new offset presses that are faster and produce more per hour than any presses operated in this country. On the other hand, there are some types of old machinery still in use in Germany that do not produce as much per hour as we produce here, but taking all lithographic imports into consideration we believe that it is a fact that we have little if any advantage in hourly production.

Our specific recommendation is that paragraph 1406, beginning with the last word on page 169, and all of page 170, read as follows:

"All articles other than those hereinbefore specifically provided for in this paragraph, not exceeding twelve one-thousandths of an inch in thickness, 30 cents per pound; exceeding twelve and not exceeding twenty one-thousandths of an inch in thickness, 15 cents per pound; exceeding twenty one-thousandths of an inch in thickness, 12 cents per pound; and in addition thereto on all such articles, if either die cut or embossed, 5 cents per pound; if both die cut and embossed, 10 cents per pound: *Provided*, That in the case of articles hereinbefore specified the thickness which shall determine the rate of duty to be imposed shall be that of the thinnest material found in the article, but for the purposes of this paragraph the thickness of lithographs mounted or pasted upon paper, cardboard, or other material shall be the combined thickness of the lithograph and the foundation on which it is mounted or pasted, and the cutting size shall be the area which is the product of the greatest dimensions of length and breadth of the article, and if the article is made up of more than one piece, the cutting size shall be combined cutting sizes of all of the lithographically printed parts in the article."

Respectfully submitted.

Lithographers National Association (Inc.), New York City; George R. Meyercord, the Meyercord Co., Chicago, Ill.; Horace Reed, the Niagara Lithograph Co., Buffalo, N. Y.; Maurice Saunders, Secretary of Association, Tariff Committee; also representing C. A. Speakman, American Lithographic Co., New York; Consolidated Lithograph Co., Brooklyn, N. Y.; and other manufacturers of cigar bands and labels; American Manufacturers of Transparencies; George R. Meyercord for American Manufacturers of Decalcomanias.

TRANSPARENCIES ·

[Par. 1406]

STATEMENT OF MORRIS SUSSEKIND, REPRESENTING THE IMPORT SIGN CO., NEW YORK CITY

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

Mr. SUSSEKIND. I represent the Import Sign Co., of New York City, importers of transparencies.

Senator DENEEN. Which paragraph are you speaking to?

Mr. SUSSEKIND. Paragraph 1406.

Senator DENEEN. Would you be able to make an oral statement? The brief may be printed.

Mr. SUSSEKIND. The present rate of duty under 1406 on transparencies is 25 cents a pound, a specific rate of duty, and under the new rate in paragraph 1406, transferring to it our schedule, it will be 40 and 50 per cent. That is an increase of 450 per cent in duty?

There is only about 5 per cent of transparencies imported, against those manufactured here.

Senator DENEEN. Five per cent, did you say?

Mr. SUSSEKIND. Five per cent. Of which I import about 75 per cent. And my transparencies, which are imported from Belgium, are sold on quality and not on price, sold at from 100 to 300 per cent more than other transparencies, an entirely different product, and does not come in the same classification with domestic transparencies. The people that buy these buy them on quality, not on price.

I can easily show you the difference by one of these samples. Here is a transparency that I import, and here is the same thing made in the domestic market [indicating].

Senator COUZENS. Can they not produce these better qualities in this country?

Mr. SUSSEKIND. They can not produce the quality of material nor the colors.

Senator COUZENS. They can not?

Mr. SUSSEKIND. No. The domestic transparency here was sold for about \$42.50 a thousand, and mine was sold for \$80 a thousand. Here is a copy of the bill [indicating].

Senator WALSH. This shows all your importations?

Mr. SUSSEKIND. Yes, sir.

Senator WALSH. Compared with the domestic prices?

Mr. SUSSEKIND. Compared with the domestic prices. Now here I have a letter from the Thomas Lipton Co. I have a drawing here for it. I made a price of \$100 a thousand. The domestic price was \$50 a thousand.

Senator WALSH. An American concern?

Mr. SUSSEKIND. An American concern.

Senator WALSH. Your claim about transparencies is that you are not competing with the American industry supplying the industries of the country with a quality of goods that is higher priced than what they can get in America?

Mr. SUSSEKIND. Absolutely. Mine is higher in price. I can show you any number of letters where the people claim that my product was 50 to 300 per cent higher.

Senator DENEEN. Do you wish to have these letters go into the record?

Mr. SUSSEKIND. Absolutely.

Senator WALSH. Why can not this be produced here? [Indicating.]

Mr. SUSSEKIND. The material is different, and it is a higher class of workmanship and takes three times as long to make these as it does domestic signs.

Senator WALSH. Just why do they pay the higher prices?

Mr. SUSSEKIND. This kind lasts much longer. It is much stronger and the colors are much better than any domestic signs.

Senator WALSH. When exposed to the weather?

Mr. SUSSEKIND. When exposed to the weather it outlasts any other sign 3 to 1.

I have some other domestic samples here to show you.

Senator COUZENS. Where do you want the rate put?

Mr. SUSSEKIND. I would like to have the rate kept where it is, or 1406 with a 20 per cent increase and 30 cents a pound, but with the increase as asked for in this new rate I would have to go out of business I could not exist.

Senator COUZENS. You want the rate to stand as it did in the 1922 act?

Mr. SUSSEKIND. In the 1922 act, yes.

Senator COUZENS. Without any change?

Mr. SUSSEKIND. Without any change.

Senator WALSH. Did this company buy both of these signs from you? [Indicating.]

Mr. SUSSEKIND. Yes, sir.

Senator WALSH. And used both of them?

Mr. SUSSEKIND. Used both of them.

Senator WALSH. Have you a letter from them showing their experience?

Mr. SUSSEKIND. Well, there is a letter right here from this company now.

Senator WALSH. What is the difference in cost?

Mr. SUSSEKIND. This costs twice as much as this.

Senator WALSH. Exhibiting two different sheets.

Mr. SUSSEKIND. Here are colors which can not be manufactured here.

Senator COUZENS. Outside of turning in those samples, have you concluded your testimony?

Mr. SUSSEKIND. That is all. I take it I will be allowed to make a brief?

Senator DENEEN. Yes, submit a brief and put your pictures in the brief with your testimony.

(Mr. Sussekind submitted the following brief:)

BRIEF ON BEHALF OF IMPORTERS OF TRANSPARENCIES

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

SIRS: We are the principal importers of an article known as "transparencies" provided for in paragraph 1406 of H. R. 2667, page 168, lines 7 to 14. The provision is 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: * * *"

Transparencies are signs of various sizes lithographed on very thin paper and pasted on windows for advertising purposes. The tariff act of 1922 contained no specific provision for them and they are now assessed under the provision in paragraph 1306 for "* * * all other articles than those hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of an inch in thickness, 25 cents per pound. * * *"

The present rate of 25 cents per pound is equivalent to about 12½ per cent ad valorem. All of the transparencies which we import are of more than five prints and under paragraph 1406 of H. R. 2667 would be subject to a rate of 50 per cent ad valorem. This would constitute an advance of about 400 per cent.

The present rate of 25 cents per pound is more than enough protection for the American manufacturers and no increase in duty is necessary to equalize the difference in the costs of production.

The increase in the rate on transparencies seems to have been the result of the testimony of an individual representing the Lithographer's National Association, which also submitted a brief at the hearings of the Committee on Ways and Means. The representative of the association stated to the committee (p. 6975 of the hearings) that "the importations of this article have increased enormously. The domestic manufacture of this article has stayed still or decreased since the war." These statements do not represent the facts. The Department of Commerce reports contained no statistics on transparencies, but since we import between 75 per cent and 80 per cent of all transparencies brought into this country the figures which follow show that importations of this article have been fairly uniform for the last eight years and that there has been no material increase. The following list shows our imports for the last eight years. The figures represent the actual invoice values of the transparencies:

Oct. 31, 1920, to Oct. 31, 1921.....	\$14, 232. 61
Oct. 31, 1921, to Oct. 31, 1922.....	14, 011. 82
Oct. 31, 1922, to Oct. 31, 1923.....	12, 393. 35
Oct. 31, 1923, to Oct. 31, 1924.....	16, 792. 63
Oct. 31, 1924, to Oct. 31, 1925.....	14, 078. 55
Oct. 31, 1925, to Oct. 31, 1926.....	18, 783. 23
Oct. 31, 1926, to Oct. 31, 1927.....	14, 918. 70
Oct. 31, 1927, to Oct. 31, 1928.....	17, 402. 79

We are not in possession of figures showing the domestic production during the above years, but we know it to be a fact that domestic production of transparencies has increased materially since the passage of the tariff act of 1922. We think it is very significant in this connection that in 1922 there were only two domestic manufacturers producing transparencies, while to-day there are at least seven of whom we are aware and probably more that have not come to our notice.

The brief filed with the Committee on Ways and Means by the Lithographer's National Association states that "the high cost of artists' work in the United States as compared with Europe is an important factor in the total cost" (p. 6981 of the hearings). We wish to call the attention of your honorable committee to a fact which was carefully kept from the Committee on Ways and Means, namely, that we use only American artists. It is, therefore, obvious that our artists' work costs fully as much as that of the domestic producers. Every transparency imported by us was designed by an American artist. As an illustration of the cost of such work, from October 31, 1926, to October 31, 1927, we spent \$3,277.35, and from October 31, 1927, to October 31, 1928, we spent \$2,299. These costs are in addition to and are not included in the invoice values given above in our list of imports. It will be readily seen that the cost to us of artists' work is about 20 per cent in addition to the invoice values.

The brief of the Lithographers' National Association filed with the Committee on Ways and Means also asserted that "the business of United States manufacturers has declined, though there is an increasing quantity of transparencies being produced for advertising purposes." With the exception of the knowledge that there are more than three times as many domestic manufacturers in the business to-day as there were before the passage of the act of 1922, we have no figures to refute the association that the business of United States manufacturers has declined. But we would like to explain to your honorable committee that if such business has really declined, it is not due to competition from imported transparencies, but to two factors, first, cutthroat competition between the domestic producers, and second, increasing practice of newspaper and radio advertising, which necessarily results in a decrease of window-display advertising.

The transparencies which we import do not compete with any domestic articles. The imported transparencies are of much finer quality than the domestic ones as a comparison of the samples which we submit to your honorable committee will readily demonstrate. Our transparencies sell at prices that are much higher in every instance than the domestic goods, sometimes reaching as high as three or four times the American price. Our customers do business with us not on the basis of price but solely on the basis of quality.

The American manufacturers have asserted to the Committee on Ways and Means that the foreign cost of producing transparencies is less than the American cost. That is not true.

Our imports are exclusively from Belgium. Belgium labor is more costly than that of any other European country, as under the socialist government there labor is thoroughly unionized. While the cost of labor per week in Belgium may be less than that in the United States, the total cost of the labor put into our transparencies is at least equal to the total cost of the American labor put into American transparencies for the reason that it takes twice as long to make a Belgium transparency as an American one. The process of manufacturing transparencies is accomplished in this country with much greater speed than in Belgium. The foreign manufacturers insist upon the most painstaking efforts and the greatest of care in making these articles. As an illustration of the difference between the two methods of manufacture, the American factories run twice as many impressions through their machines as do the Belgians.

As a result of this condition, the simplest order given by us takes at least 60 days for actual production, to which must be added before we can get delivery the time necessary to send the order abroad and the time required to ship the goods here. We have never obtained delivery in less than two and one half months and most of our orders take much longer than that. Also as a result of these conditions, the prices to us of these transparencies are so high that in order to sell them in this country at any profit at all, it is necessary that we obtain prices much higher than those charged by American manufacturers.

On page 6981 of the brief of the Lithographers' National Association filed with the Committee on Ways and Means, it is stated that "transparencies weighing 13½ pounds to 1,000 pounds sell by foreign manufacturers at \$39 per thousand against United States manufacturers' price of \$60 and \$62.50." The facts and figures which follow show beyond doubt that our prices are many times higher than those of the domestic producers.

On November 19, 1925, we delivered an order of 27,500 "Sapolin" transparencies to Gerstendorfer Bros., of Brooklyn, N. Y., at a price of 15 cents each, or \$150 per thousand. We attach hereto, marked "Exhibit A," a copy of our invoice covering this order and a sample of the merchandise. These transparencies weighed about 13½ pounds per thousand, and are, therefore, comparable to those that the Lithographer's National Association state were sold for \$60 and \$62.50 per thousand by United States manufacturers.

On April 26, 1929, we delivered to the United Advertising Agency, of New York, 2,200 "Sapolin" transparencies at 16½ cents each, or \$165 per thousand. The invoice covering this order is attached, and a sample, and marked "Exhibit B." The difference in price of the above orders is due to quantity.

On April 24, 1929, we delivered to the General Cigar Co. (Inc.), of New York, 14,000 "Robert Burns" transparencies, weighing about 17½ pounds per thousand, at 25 cents each, or \$250 per thousand, and on the same date, 28,150 "Van Dyck" transparencies, weighing about 10 pounds per thousand, at 14 cents each, or \$140 per thousand. This was a transparency smaller in size than that sold by the United States manufacturers at \$60, yet it was sold by us at a price more than twice that charged by American manufacturers. Attached is the invoice covering this order and a sample, marked "Exhibit C."

On May 5, 1927, we delivered to the Zapon Co., of New York, 5,000 transparencies, weighing about 13½ pounds per thousand, at 25 cents each, or \$250 per thousand. This was more than four times as much as the domestic manufacturers would charge for a transparency of about the same size. We attach as Exhibit D a copy of our invoice covering this order and a sample. On October 20, 1927, we delivered to the same company 5,500 of the same transparencies at 20½ cents each, or \$205 per thousand. We attach as Exhibit E a copy of our invoice covering this order and a sample.

On July 31, 1928, we delivered to the Graham Paige Motor Co., of Detroit, Mich., 5,500 transparencies, weighing about 17½ pounds per thousand, at 35 cents each, or \$350 per thousand, and on May 17, 1928, we delivered 2,750 of the same transparencies to the same company at 42 cents each, or \$420 per thousand. Exhibits F and G are copies of these orders and samples.

The above are just a few examples that we have picked at random to prove the falsity of the assertion by the American manufacturers that we are under-selling them.

On the contrary, we are steadily losing business to the domestic manufacturers because of the great excess of our price over theirs.

We had the business of the Westinghouse Electric Co. from 1920 to 1925 but lost it to the domestic interests solely because their prices were much cheaper than ours.

We had the business of the Fleischmann Yeast Co. from 1921 to 1925, but it was lost because American manufacturers were able to sell at prices ridiculously lower than ours. For instance, on April 6, 1925, we delivered to the Fleischmann Yeast Co. an order of 78,200 signs at 8 cents each, a copy of the invoice of which is attached hereto, marked "Exhibit H."

After that date this business was taken by the American manufacturers at about half the price paid to us. A sample of the domestic sign is attached hereto marked "Exhibit I." The difference in quality and workmanship is apparent to anyone.

Thomas J. Lipton (Inc.), was our customer for seven years, but the domestic interests were able to take the account from us because we quoted them a price of \$100 per thousand for one of their jobs and an American manufacturer did it for \$50 per thousand. We attach hereto drawing of our sketch which we submit for this business, marked "Exhibit J," and a letter dated June 5, 1929, marked "Exhibit K," from Thomas J. Lipton (Inc.), giving reasons for refusal to give us the contract because of a difference in price of 50 per cent.

The Ward Baking Co. dealt with us from 1925 to 1927, but in July, 1927, they informed us that our price was twice as high as that of the American manufacturers and they took their business away from us.

On May 5, 1927, we delivered to the Blue Valley Creamery Co., of Chicago, 3,275 transparencies, at \$1.25 each, or \$1,250 per thousand. The next order was given to an American manufacturer at \$250 per thousand, a price less than one-half of our price and without a great loss.

We attach hereto a letter dated January 28, 1929, from the Richfield Oil Co., of Cleveland, Ohio, in which their prices are much higher than those of American manufacturers.

We attach hereto a letter from the American Rubber Co., of Trenton, N. J., dated December 2, 1927, rejecting our quotations because the price quoted by an American manufacturer was lower.

Mr. Saunders, representing the American Manufacturers Association, in his testimony before your honorable committee stated that the price paid to the Gould Battery

transparencies was \$115 per thousand. In reference to this item we herewith submit copies of invoices and of the signs ordered by the Gould Battery Co. on December 22, 1926, marked "Exhibit L" showing a price of \$115 per thousand. This particular instance which we have been able to obtain is sufficient to discredit the entire testimony of Saunders as regards to the prices of these signs. This is the same sign which was shown to your committee by Mr. Saunders.

We also submit a sign ordered by the General Electric Co. on April 24, 1929, for Van Nuys, California, marked "Exhibit M," sold at a price of \$140 per thousand.

On January 1, 1929, we delivered to the Lipton Tea Co. (Inc.) the sign marked "Exhibit N" at a price of \$140 per thousand.

Attached hereto is a domestic sign marked "Exhibit O" and we ask the committee to compare them as far as quality is concerned.

On May 4, 1929, we delivered to the Detroit, Mich., 11,000 signs at a price of \$140 per thousand. The invoices are annexed marked "Exhibit R."

The prices of these signs are in every case from 50 per cent to 200 per cent higher than the prices of the domestic signs of the same size and number of colors were sold to the trade.

We further call the attention of your honorable committee to the very significant fact that all importations of transparencies total only 5 per cent of the domestic production.

When that is added to the fact that the prices of the imported transparencies are in a class much higher than those of the domestic transparencies, it seems clear that the American manufacturers need no protection at all.

We urgently call the attention of your honorable committee to a grave injustice which paragraph 1406 of H. R. 2667 commits against us. Of the articles covered in the paragraph cigar bands; labels and flaps printed in metal leaf; fashion magazines or periodicals, lithographed or decorated; and ceramic decalcomanias, weighing not over 100 pounds per 1,000 sheets, were not advanced in rate at all.

In the case of the articles that were increased in rate the increases ranged from 15 per cent to less than 127 per cent, as shown by the following tabulation:

Article	Act of 1922	H. R. 2667	Increase
Labels and flaps, printed in less than 8 colors...	25 cents per pound.	30 cents per pound.	20 per cent.
Labels and flaps, printed in more than 8 colors...	35 cents per pound.	40 cents per pound.	15 per cent.
Ceramic decalcomanias, weighing over 100 pounds per 1,000 sheets.	22 cents per pound and 15 per cent ad valorem.	50 cents per pound and 15 per cent ad valorem.	Less than 127 per cent.
Articles other than those specifically provided for, not exceeding 8/1000 inch in thickness.	25 cents per pound.	30 cents per pound.	20 per cent.
Articles other than those specifically provided for, exceeding 8/1000 inch in thickness:			
(a) Less than 35 square inches cutting size.	10 cents per pound.	15 cents per pound.	50 per cent.
(b) More than 35 square inches cutting size.	9½ cents per pound.	12 cents per pound.	26 per cent.
And in addition, if die cut or embossed.	½ cent per pound.	1 cent per pound.	100 per cent.
If die cut and embossed.	1 cent per pound.	2 cents per pound.	Do.
Articles other than those specifically provided for, exceeding 20/1000 inch in thickness.	7½ cents per pound.	10 cents per pound.	33 per cent.

As against no advance on four items and advances from 15 per cent to less than 127 per cent on nine items, our merchandise has been advanced 400 per cent. This is manifestly unfair and unnecessary discrimination.

According to the above facts it should be apparent that no advance in duty on these transparencies is necessary nor would any advance have any effect of aiding the American manufacturers, but would only result in putting the importers out of business. We accordingly ask that the provision in House bill 2667, page 168, lines 7 to 14, be stricken therefrom leaving this merchandise dutiable at 25 cents per pound as it was under the act of 1922.

Respectfully submitted.

IMPORT SIGN Co.,
By MORRIS SUSSEKIND, *Owner.*

FILTER PAPER

[Par. 1409]

STATEMENT OF ERNEST CHILD, REPRESENTING H. REEVE ANGEL & CO., NEW YORK CITY

Mr. CHILD. Mr. Chairman, I appear on behalf of H. Reeve Angel & Co. (Inc.), New York, in regard to filter paper, paragraph 1409.

We are large distributors of the qualities made in this country, and leading importers of chemically treated papers that are not made here. We strive to import as little as possible. Filter paper is a more important article than it may seem to be. Most technical papers are used in one particular industry, but filter paper is used in almost every industry, the ordinary grades for the filtration of most liquid products, the better grades in the analytical chemical control of practically every industry.

Before the Ways and Means Committee I advocated a reduction in the duty, that would continue to afford the domestic industry ample protection, and at the same time reduce the cost to consumers of the high-priced chemically-treated papers that are not made in this country. There was no apparent opposition to this request, hence I assume someone suggested that the rate on filter paper be made the same as for blotting paper, without fully realizing the differences between these papers. Blotting paper and the ordinary grades of filter paper are of about the same physical appearance and both absorbent, but in other respects they are totally different.

The present rate on filter paper is 5 cents per pound and 15 per cent ad valorem. The Hawley bill changes this to a specific rate

of 30 per cent ad valorem. This is the same as the present rate on blotting paper and also the Hawley bill rate.

The duty change gives the domestic producers less protection than at present on the qualities in which they are solely interested, and increases the duty on chemically treated papers.

The chemically treated papers are not made in this country and are not likely to be, because of the limited demand for each of the many qualities, and the expensive equipment and special knowledge required for their manufacture. These papers are used almost exclusively in scientific, industrial, and government control and research work, also in educational laboratories.

The present duty provides a nice revenue on these chemical papers, and also ample protection on the qualities in which domestic industry is interested. I am sure it can not be the intent of Congress to add a further expense burden to scientific work, and at the same time to so materially weaken the protection afforded domestic industry in the qualities in which they are interested.

Allow me to illustrate. The domestic qualities cost from 12 to 16 cents per pound; papers costing abroad 12 cents a pound, after adding the present duty of 5 cents per pound and 15 per cent ad valorem, cost 19 cents, duty paid. Under the Hawley bill rate of 30 per cent, such paper would cost 15.6 cents per pound, duty paid, that is, about 3½ cents per pound less than under the present tariff.

The expensive chemical papers cost several dollars per pound. Such papers, selling abroad at say \$3 per pound, cost \$3.50 duty paid under the present Fordney rate, and \$3.90 per pound under the proposed Hawley rate. In other words, the Hawley rate is lower on papers costing abroad up to 34 cents per pound and higher for papers costing over 34 cents per pound. The domestic industry has no interest in the last-mentioned papers.

The large users of filter paper to whom I have spoken about this matter hope that the present standardized and harmonious conditions will be allowed to continue; while the chemical profession, who are the users of the expensive chemical papers, hope that their expense burden will not be increased. A higher rate on the imported chemical papers will not create a greater demand for domestic papers as the respective qualities are used for entirely different purposes and are not interchangeable.

For these reasons I hope you will agree that the present Fordney rate of 5 cents per pound and 15 per cent should be maintained, in the interest of the domestic industry and of scientific workers who are the exclusive consumers of the qualities not made in this country.

Senator THOMAS. I take it from your statement that you are opposed to the rates provided in the pending bill, and that you favor the existing law, or the rates contained in the existing statute?

Mr. CHILD. Quite so.

Senator THOMAS. Of 5 cents per pound and 15 per cent?

Mr. CHILD. Quite so.

**STATEMENT OF ARTHUR L. NEWTON, REPRESENTING THE
EATON DIKEMAN CO., LEE, MASS.**

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

Senator DENEEN. For whom do you appear?

Mr. NEWTON. For the Eaton Dikeman Co.

Senator DENEEN. To which paragraph will you address your testimony?

Mr. NEWTON. To paragraph 1409.

Senator DENEEN. You may proceed.

Mr. NEWTON. Our company is the largest manufacturer of filter papers in this country; our total tonnage representing over 75 per cent of the domestic production.

During the late war there was created a demand for domestic, qualitative or common grades of filter paper, and our company, at great expense for special machinery, knowledge, and time, developed grades of qualitative and industrial filter papers. We have specialized on these papers and extensive improvements have steadily advanced. Filter paper manufacturing requires a much more technical paper-making knowledge than many other papers and it should in no way be classed with blotting paper. While the basic raw material of all high-grade papers is cotton, we can not class one with another; each must be considered individually and placed in a class by itself.

Our company has no desire or intention of attempting to make what are termed the quantitative filter papers, that is, the chemically treated papers, as our present machinery is not adapted to this paper, and the tonnage used in this country is limited to the extent that it does not interest us.

I would like at this time to make this point perhaps a little clearer. I have here some samples of what is termed qualitative filter paper [exhibiting samples]. If you go into a wholesale drug store and purchase that little box of paper [indicating] you would pay \$1.25. The two are made practically from the same base, 100 per cent cotton, and under our own label you buy our paper for 10 cents.

We did not want to make that paper. The foreign importers have 100 per cent of the business in this country; no mill in this country attempts to make this paper. Therefore, we are not arguing over that. That is quantitative; ours is qualitative paper which is not chemically treated. It is hand made. Ours is machine made.

Senator DENEEN. When you submit your brief, will you attach exhibits to it, because others will want to see them?

Mr. NEWTON. Yes, sir; I will be glad to do so.

It is not our intention to attempt to manufacture the quantitative filter papers. The present tariff of 5 cents per pound and 15 per cent ad valorem we believe to be a reasonable and just rate of duty. The present rate permits the importation of considerable quantities of filter paper, that is, the qualitative paper, similar to ours, but it has had no material effect on the prices, and permits us to have a reason-

able compensation to be paid to our employees to maintain the high standard of living necessary to the welfare of this country.

However, any decrease in the present rate, small as it may be, will tend to encourage greater importation of filter papers that will without doubt cause serious injury to the one single industry in this country that had the courage to manufacture a paper in quality competition with European manufacturers.

Due to the scarcity of raw material in this country, and with prices advancing, there is no possibility of reducing costs to offset any reduction in tariff.

In the past five years we have developed certain industrial filter papers which are used in conjunction with filter press machines. They are expressly used in chemical, oil, varnish, paint, beverage, and water plants. The proposed change to 30 per cent ad valorem would greatly affect these particular grades due to the weight and low value.

For example, one ream of this industrial filter paper of 500 sheets, 20 by 20 inches, weighs 70 pounds. The selling price is 11½ cents per pound, and the value is \$8.05. Under present rates on similar paper imported, the amount of this duty is \$4.70, and under the proposed change it would be \$2.42.

On the higher quality papers we make, with less ream weight, the paper is much lighter. On the heavier papers the basic weights run from 70 to 100 pounds, and on the lighter from 16 to 35 pounds per ream.

On one ream, 20 by 20 inches of the 25-pound paper, valued at \$5.95, the present rate of duty is \$2.64 and the proposed rate is \$1.79, with other papers of lighter weight in proportion.

The present importation is, of course, the light-weight papers carrying a higher price than the heavy industrial papers. At the present time we know of no importation of the heavy papers that affect us. While there are some imported papers of heavier weights, they are all hand-made papers, and the prices are in proportion.

With this great reduction, it would enable foreign manufacturers to drive us out entirely. We could not possibly hope to even try to compete with them.

To us, this is a very serious situation and we can not believe it to be the intention of this Congress to knowingly permit any change in the present duty that would cause such embarrassment to the only domestic filter-paper manufacturer in this country.

Our filter papers represent about one-fourth of our total production tonnage. During the past five years the prices of our filter papers have been greatly reduced, which, it seems to me, proves that the advantage of our present protective tariff has not been abused.

We feel that the proposed change of duty will prove to be very injurious to us, and without presenting and offering specifically the evidence and reports, we respectfully request that no change be made in the Fordney tariff rate on filter papers.

The total tonnage manufactured in this country of qualitative industrial filter papers is such it would not permit even two mills in this country to engage in the manufacture of that paper and realize any profitable business from it.

The total tonnage is 2,000,000 pounds, which includes the heavier industrial as well as the lighter grades, and inasmuch as the foreign importers have 100 per cent of the higher grade papers, we do feel

that the present protection should be maintained and allow our own industry, which is practically the only one in this country manufacturing such papers, to have the full protection.

Senator KEYES. Can you give us the reason why this rate was reduced in the House?

Mr. NEWTON. As I understand it, filter paper has been classed with blotting papers and others, and that whole schedule was changed, and our filter papers got that decrease.

Of course, filter paper in the papers and trade associations is not known because it is such a small quantity that they have not been interested, and it has not become an issue in any trade paper association. In other words, it might be termed, in one sense, "a one-horse business," because there is so little of it. The use of our industrial papers has been increasing in the past five years; they are being used to such an extent that we hope that in the next five years we will have a greatly increased business in industrial papers.

But when we realize, as we do know, that there is a mill in Canada that is being equipped to make industrial filter papers to be used in the large power plants in Canada, then we can see that if there is a low tariff it will permit Canada to export into our western and central States, and they will be able to obtain a much lower freight rate than we can obtain in Massachusetts.

WALL PAPER

[Par. 1409]

STATEMENT OF HENRY BURN, BROOKLYN, N. Y., REPRESENTING THE WALL-PAPER MANUFACTURERS' ASSOCIATION

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

Mr. BURN. I shall make a very brief statement of my case, confining myself to the economic proposition involved in connection with our belief as to why the rates of duty we desire should be granted, and of course, I will be glad to answer any questions you may be pleased to ask me.

I wish to emphasize the arguments used at the hearing before the Ways and Means Committee, inasmuch as the tariff at present in force is entirely inadequate to the needs of the business.

I do not propose to trespass upon your time by going into any detail as to the brief submitted to the Ways and Means Committee, and as to my appearance before the Ways and Means Committee on February 13 last, but propose simply to emphasize the main argument used at that time in favor of increasing the tariff on wall paper which is at present in force, and which is entirely inadequate to the needs of the business.

Permit me to state, therefore, that one of the requests we made at that time was for a special paragraph referring to wall paper specifically, instead of placing it in several paragraphs which were misleading, since they gave descriptions of what might be construed as referring to wall paper, and under different rates of duty. This has been granted.

The present tariff, adopted in 1922, is 1½ cents per pound and 20 per cent ad valorem, and though same might have been reasonably fair at the time, wages in our industry have increased 25 per cent at least, as a minimum, in the past eight years, as specified in our brief, while the duty on print rollers from which wall paper is printed, has been advanced from 60 per cent to 72 per cent, which clearly demonstrates the justice of the claim we made in our brief on February 13, of a minimum duty of 35 per cent or a maximum duty of 45 per cent.

That our appeal in our brief, and in our examination, were not altogether made in vain and were considered as justified, is indicated by the action of the Ways and Means Committee in changing the present rate of duty from 1½ cents per pound and 20 per cent ad valorem to 30 per cent ad valorem.

Senator COUZENS. Do you prefer a combination of the specific and ad valorem duties, or all ad valorem?

Mr. BURN. We had suggested in 1922 that it be made 35 or 45 per cent as covering our requirements. At that time we did not ask for a specific rate. But in the course of the hearing before the Senate committee, they at first placed a specific duty of 5 cents per pound on the paper and an ad valorem duty as well, which I do not recall exactly. We did not think it necessary and we were perfectly willing to have that cut down to 3 cents.

Senator COUZENS. That is not the question I asked you. I asked you whether you prefer to have the specific and ad valorem combined; if not, which one you do prefer?

Mr. BURN. We do.

Senator COUZENS. You do what?

Mr. BURN. I was coming to that.

Senator COUZENS. All right.

Mr. BURN. In our estimation this does not cover the increased cost that has developed during the past eight years, and we, therefore, respectfully now ask and hope that you will favorably consider our proposition, that you allow the 30 per cent ad valorem to stand, and that you add to same the 1½ cents per pound as well, to avoid the flood of cheap goods that would otherwise swamp the country.

In our estimation the specific duty that was placed in the last tariff act has prevented that tremendous flood which we are fearful of coming here, and which will come, unless it is allowed to remain, in addition to the 30 per cent.

As I stated before, I am simply making my plea based on economic grounds. I am now coming down to the question of wages.

The only additional argument I propose to offer is the fact that not only do we pay enormously higher wages than are paid in Europe, but that in Germany particularly, from which most of the importations are made at the present time, they do not have the union rules that prevail in this country, where a printer is required for every printing machine, but employ one printer who supervises boys employed to run five machines.

Aside from this, we guarantee 50 weeks' employment to our machine printers and color mixers, whereas in Europe there is no guaranty to any of the labor, and they are paid simply for the work performed, while in this country we are obliged to pay them wages

whether they work or not. Surely our plea is purely an economic proposition and a very modest one at that.

I desire, however, to say in conclusion that Canada exacts a duty of 40 per cent on importations of wall paper from the United States, while claiming only 30 per cent duty on importations from England, thereby discriminating against the United States.

For confirmation of the above facts, we refer you to our brief and examination by the Ways and Means Committee, hoping that you will readily admit the justice of our claim, and thanking you for your kindly consideration. That is the whole argument.

Senator COUZENS. May I ask if you have covered the question of production; that is, the cost of production in your brief before the Ways and Means Committee of the House?

Mr. BURN. That is one of the problems we have been struggling with for years and have never been able to accurately determine, because ours is a one season's business, and it depends upon the output of the year, the amount of the purchases and the expenses incurred, as to what those goods cost.

Then again, there are so many grades, and it is very hard to separate and know just the things where the cost would apply.

Senator COUZENS. You have to have that cost before you can determine your selling price, do you not?

Mr. BURN. I am sorry to say that the selling price is based upon the market price rather than on the actual cost.

Senator COUZENS. How is this committee to determine a rate of tariff duty if you do not know the cost of production abroad and the cost of production at home?

Mr. BURN. Simply on the effect that has been produced in the country by the present tariff being so low the fear if importation has driven the manufacturers to selling their goods at prices here so low that in rare cases does a manufacturer find a profit.

Senator COUZENS. As I understand then there has been no influx of importations to justify that fear up to date?

Mr. BURN. We have no means of knowing what the importations are because of the different classifications. Wall paper has never been mentioned specifically as wall paper, there being several paragraphs that could be applied to it, and we have not any means of knowing how much came in under the different classifications. We have tried our best to find out the cost of the goods abroad but we have not succeeded in doing so.

Senator COUZENS. The records of the Treasury Department on importations would show that, would they not?

Mr. BURN. We even took this matter up directly with the collector of the port of New York, and he informed us they had people abroad that were constantly endeavoring to ascertain these costs. We had occasion to complain about the ridiculous cost at which certain goods were being imported, and I think they honestly did their very best to find out what those goods cost over there, but they never have succeeded. So we had to abandon the manufacture of those goods altogether.

Senator COUZENS. On what basis did they assess the tax if they could not obtain the cost abroad, under what plan?

Mr. BURN. They based it, so far as we know, on the declarations of importers, to which we have no access.

Senator COUZENS. In the course of your selling, to what extent do you run up against competition in foreign goods?

Mr. BURN. In foreign goods?

Senator COUZENS. Yes.

Mr. BURN. Why, that is pretty hard to determine, as to the effect on a manufacturer's mind, as to what those goods could be imported for, or are selling for in the market.

We know there are a great many foreign goods in the market, certainly in excess of the official records in regard to imports, and we attribute that to the fact that wall paper has been under different classifications, or rather, been interpreted as being under different classifications, so that some appraisers would take one classification and others would take another. I have referred to some of those in the brief I submitted to the Ways and Means Committee.

Senator COUZENS. I confess I have not gotten very much information out of you that would aid me in helping to determine the tariff rate.

Senator WALSH. Do you represent any other wall-paper industry, or just your own industry?

Mr. BURN. No; not the entire wall-paper industry. I have been president of the Wall Paper Manufacturers' Association, until within the last month or two.

Senator WALSH. What is your own industry or company?

Mr. BURN. The Robert Groves Co.

Senator WALSH. Is that successful, financially?

Mr. BURN. It is not at the present time.

Senator WALSH. Since when?

Mr. BURN. Especially during the past two or three years.

Senator WALSH. You have paid no dividends and made no money during the past two or three years?

Mr. BURN. No, sir.

Senator WALSH. Nothing at all?

Mr. BURN. Nothing at all.

Senator WALSH. I understand you to say you were doing something I never heard of any other industry here in America doing, namely, that your industry paid its employees for 50 weeks a year, even if they did not work 50 weeks?

Mr. BURN. You are absolutely right. I do not know of any other industry that does that.

Senator WALSH. Is that practice general throughout the wall paper industry?

Mr. BURN. Yes, sir.

Senator WALSH. So the wall-paper industry in Worcester, Mass., and other parts of the country make a contract with their employees to give them 50 weeks' work at a given rate of wages, regardless of whether they work or not?

Mr. BURN. That is right.

Senator WALSH. How long has that been the practice?

Mr. BURN. That has been the practice for a great many years; I should say nearly 80 years.

Senator WALSH. I understood you to say to Senator Couzens that you could not give him any definite information as to the difference in the cost of wall paper abroad and in this country, and I understood you to say further to him that you have no figures showing the extent of imports in relation to the total consumption of wall paper in this country; is that a fact?

Mr. BURN. We have the census figures; that is all we have to go by.

Senator WALSH. I join with Senator Couzens in saying if you can not give us some figures as to the record of imports, and showing to what extent it is destroying or seriously injuring the domestic market, we have not much of a basis to go on. Perhaps your brief will be enlightening.

Mr. BURN. I base my argument largely on the fact that there has been no real definition of wall paper in past tariff acts, so this paper has come in under different classifications, and we, of course, have no means of knowing just how that has affected the market, except by the judgment we exercise, by knowing the amount of foreign goods that are apparently in the market.

Senator DENEEN. Have you suggested a clarification of the tariff act, so you may get that information?

Mr. BURN. The pending tariff bill distinctly schedules wall paper so there can be no further misconstruction of it in the future.

Senator DENEEN. Can you not supply the committee with a statement showing the comparative cost of the raw material, the wages paid, the output per man in labor, and so on?

Mr. BURN. I can give you the cost as far as wages paid in this country are concerned, but it has been impossible to get that information from abroad.

I can give you an instance, however, to demonstrate the correctness of my views on this subject.

A German manufacturer came to me several years ago and brought his son with him, a man about 35 years of age. He wanted to place him in our factory for a year or so so that he might absorb the wonderful methods that the wall-paper manufacturers of the United States were using.

I said to him, "Now, before you commit yourself, and before I commit myself to that proposition, I would like to have you spend a day at our factory and go thoroughly over it and see what we do." He did. He spent an entire day there, and I explained everything to him. At the end of the day he said, "I think I will take my son back with me, because," he said, "the American methods are so different from ours that we could not exist for 30 days if we followed them."

He went on to tell me how they employ one printer for five machines, where, according to the union rules, we are obliged to have a printer for every machine at full wages. Aside from that, we gave those men continuous employment whether we have to use them or not, while over there they simply paid them for the actual work they performed.

Then as regards the block cutters, whose work represents the preparation of the print rollers from which wall paper is printed, prior to 1922 their wages were \$22 a week. To-day they are \$49 a week.

Senator COUZENS. Where is your plant located.

Mr. BURN. Our plant is located in Brooklyn.

Senator COUZENS. You say your wages are now \$49 a week?

Mr. BURN. To the block cutters; yes, sir. I do not want to deceive you in the matter. As the result of the tariff of 1922, it was raised to 60 per cent, and then they applied to the Tariff Commission later on and wanted 90 per cent.

Senator WALSH. Who did?

Mr. BURN. The block cutters.

Senator WALSH. The employees went to the Tariff Commission?

Mr. BURN. Yes.

Senator WALSH. I never heard of employees going to the Tariff Commission before.

Mr. BURN. I mean to say it was the association; their association went to the Tariff Commission.

Senator WALSH. How could the Tariff Commission affect their wages one way or the other? They have not anything to do with the wages.

Mr. BURN. As I understood it it was the President who really determined the increase in the wages.

Senator WALSH. When you were petitioning for an increase under the flexible tariff provisions, your employees were asking, or you were asking for that increase partly upon the basis of increased wages?

Mr. BURN. Yes; the result was the President raised them to 72 per cent. Therefore that kind of labor is entirely prohibitive to us.

Senator WALSH. The President increased the wages?

Mr. BURN. The President increased the wages.

Senator WALSH. What President—the President of the United States?

Mr. BURN. Yes, sir; it must have been Coolidge.

Senator WALSH. President Coolidge?

Mr. BURN. Coolidge.

Senator WALSH. Increased the wages of your employees to 72 per cent?

Mr. BURN. Yes, sir; there was an increase to 72 per cent.

Senator WALSH. I have heard of Government interfering with business, but not to that extent.

Mr. BURN. That is the rate of duty on the block, not on the merchandise.

Senator WALSH. How many employees have you in your concern?

Mr. BURN. In my own factory?

Senator WALSH. Yes.

Mr. BURN. Our usual run is about 200 to 250.

Senator WALSH. What is the average rate of wages, including all of your employees?

Mr. BURN. Including all the minor help?

Senator WALSH. Yes, the common labor and your clerks.

Mr. BURN. It would be between \$25 and \$28.

Senator WALSH. That is better than my cotton mill people get, with only \$18 a week average wage.

Senator THOMAS. Do you represent your factory before the committee, or the American Paper and Pulp Association, or both?

Mr. BURN. I represent the Wall Paper Manufacturers' Association, which is affiliated with the American Paper Pulp Association.

Senator THOMAS. How many factories do you represent here this morning?

Mr. BURN. I imagine about 30.

Senator THOMAS. Where are those factories located?

Mr. BURN. They are located in New York, New Jersey, Pennsylvania, and Illinois; that is about all. They are concentrated in those various States.

Senator THOMAS. What is an estimate of the valuation of the industry which you represent?

Mr. BURN. You mean as far as—

Senator THOMAS. How much money is invested in the class of business you represent?

Mr. BURN. Why, there is at least a dollar invested for every dollar's worth of business done.

Senator THOMAS. How much is that?

Mr. BURN. That is about \$29,000,000.

Senator THOMAS. How many people are employed in this line of business that you represent?

Mr. BURN. I should say about 5,000.

Senator THOMAS. Your particular factory is known as what factory?

Mr. BURN. The Robert Groves factory. It is the oldest factory in the country.

Senator THOMAS. Located where?

Mr. BURN. At Brooklyn, N. Y.

Senator THOMAS. Is this factory listed in either Dunn's or Bradstreet's or both?

Mr. BURN. I presume it is; yes.

Senator THOMAS. Do you know?

Mr. BURN. It may not be now, because as I told you at the start the business was unprofitable, and we are going to liquidate for the present unless we get some relief.

Senator THOMAS. Are the other factories listed in these financial-rating publications?

Mr. BURN. As far as I know, they are.

Senator THOMAS. Have you examined the ratings as listed recently?

Mr. BURN. No, sir.

Senator THOMAS. You do not know whether these publications carry your rating at the present time, do you?

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

Senator THOMAS. The fact that your factory has made no money for the last two or three years is the reason why it has not been catalogued in Dun's or Bradstreet's?

Mr. BURN. No; not at all, because we started to liquidate on the 1st of December last.

Senator THOMAS. Is your factory now closed?

Mr. BURN. No; we are operating, but solely with a view to gradually closing it out, unless conditions change.

Senator THOMAS. Do you mean by conditions changing an increased rate of tariff duty being given to this class of business?

Mr. BURN. Assuming that we have to pay this rate of wages, if the rates of duty are increased we would be encouraged to go ahead.

Senator THOMAS. What is the present rate of duty, for the record?

Mr. BURN. It is 1½ cents per pound and 20 per cent ad valorem.

Senator THOMAS. This bill proposes to give you 30 per cent ad valorem?

Mr. BURN. Yes.

Senator THOMAS. Is that high enough?

Mr. BURN. No.

Senator THOMAS. How much should it be to properly take care of your business?

Mr. BURN. Thirty per cent ad valorem and 1½ cents per pound.

Senator THOMAS. In other words, keeping the per-pound rate, 1½ cents the same, and doubling the ad valorem duty?

Mr. BURN. No; it is 20 per cent.

Senator THOMAS. What is your recommendation to the committee as to the rate, to keep the duty of 1½ cents per pound—

Mr. BURN. To keep the 1½ cents per pound and give us 30 per cent. Even at that rate we are not getting anything like full protection.

Senator THOMAS. How will that affect the price of wall paper to the consumer, if this rate should be given, that is, the rate that you request.

Mr. BURN. I do not suppose it would be a difference of 10 cents a roll.

Senator THOMAS. Have you experience upon which you make that statement?

Mr. BURN. Knowing the values of the different grades of wall paper and the average class that is used by the public, I should say it would not increase it more than 10 cents per roll.

Senator THOMAS. Explain to the committee then, if you will, just the effect of this increased rate, and how it will make money for the factories if it does not increase the price of your product to the consumer?

Mr. BURN. On the assumption that we would make 10,000,000 rolls of goods, at 10 cents per roll, that would justify us in resuming operations.

Senator THOMAS. Do you hold that this increased duty would be a practical embargo against the importation of competitive articles?

Mr. BURN. Not at all, sir; we do not pretend that. We believe, however, that the increase in duty, coupled with the proper classification of wall paper will insure the payment of duty on these wall papers that are imported, and that in itself, while it may decrease importations, will not keep it out of the market any more than it keeps other articles out of the market, no matter how high-priced they are.

Senator THOMAS. What is the value of a roll of wall paper to the consumer, taking it as an average proposition? I understand it varies in grades, of course, but give us the range of valuations.

Mr. BURN. It is like an oil painting. Wall paper has a base value, and the higher price you put on a piece of paper the smaller volume of that particular paper you will sell. The cheaper you sell it the

larger number of rolls you make, the more you will sell. I should say that 25 cents would be the average price to the consumer.

Senator THOMAS. Twenty-five cents a roll.

Mr. BURN. A roll.

Senator THOMAS. Senator Walsh suggests that this increased duty then would amount to about \$250,000 a year?

Senator WALSH. Assuming a 10,000,000 roll production.

Senator THOMAS. You assume, however, that in the event this tariff rate should go into effect it would keep out some wall paper and would increase the demand for your product. That is the main hope you have, for increased business, as a result of the tariff rate?

Mr. BURN. It would clear away the fear of the manufacturers, and allow them to ask a reasonably higher price.

Senator THOMAS. You are not particularly interested in getting more money for the Treasury, are you? You do not come down here and spend your time assisting Congress in raising money for the Treasury?

Mr. BURN. We certainly did when we asked for a classification that would insure a duty being paid on wall paper, according to the intention of the previous tariff.

Senator THOMAS. That is for the purpose of keeping out certain classes of paper, or to restrict the importation of certain classes. The money actually got into the Treasury, I assume.

Mr. BURN. My personal belief is that to place the duties as I have suggested will yield you fully as much, if not more than you are getting now.

Senator THOMAS. And you also assume that the increased duty will raise that and it will not come through increased importations. That is, the decreased importation with a higher duty will raise the same amount of money, and it is the decreased competition you are interested in?

Mr. BURN. That is the idea.

Senator WALSH. Has there been any movement toward consolidation of the wall-paper industry in the country?

Mr. BURN. Not as an industry.

Senator WALSH. It is still largely competitive?

Mr. BURN. It is still largely competitive; yes, sir.

Senator COUZENS. Do you favor the American, or the United States, or the foreign system of valuations?

Mr. BURN. If it were feasible to accurately obtain correct information on either side I would be in favor of the American valuation.

Senator COUZENS. That would insure a greater accuracy in the application of a tariff?

Mr. BURN. I think this is something that might be brought about, but in view of the experience I have had in 57 years in the business—and I have been active all the time—and having done my utmost at various times to find out what the foreign valuation is, I gave it up as a bad job.

Senator COUZENS. Have you made any study as to the difference between the United States system of valuation and the American system of valuation?

Mr. BURN. No; I do not know that I have.

Senator COUZENS. So you would not be able to recommend anything to the committee as to the method of valuation?

Mr. BURN. I should think that the Department of Commerce could get that information together from the manufacturers of this country.

Senator COUZENS. Get what information?

Mr. BURN. As to the actual cost of the goods in this country.

Senator COUZENS. That is not what I am talking about. We can undoubtedly get that hereby subpoenaing manufacturers.

What I am talking about is as to whether you have any conclusion as to the best method of arriving at these valuations, whether we adopt the United States system, or the America system, or whether we continue under the foreign system.

Mr. BURN. I can not but feel that you have got to take the declarations of the importers largely on faith, in view of the fact that the collector of the Port of New York reported to me personally that in spite of all the inspectors they had over on the other side, they found it practically impossible to get those valuations.

Senator COUZENS. Have you that faith in the importers that you suggest that the Government would have to have?

Mr. BURN. Perhaps I have not.

BRIEF OF THE WALL PAPER IMPORTERS' ASSOCIATION, NEW YORK CITY

HON. REED SMOOT,
Chairman of the Finance Committee,
Washington, D. C.

DEAR SENATOR: The Wall Paper Importers' Association protest against paragraph 1409, as passed by the House, increasing the tariff on wall paper. They can not conceive that the Senate Finance Committee will approve the unreasonable demands of domestic manufacturers. Any increase is privilege and not protection. The total importers are less than 2½ per cent of total sales of wall paper sold in the United States.

The proposed rate of 30 per cent on wall papers as compared with 20 per cent ad valorem and 1½ cents per pound is felt to be unjustified and unwarranted, unless it be the intention to increase the tariff arbitrarily and without regard to facts concerning imports and home manufactures.

The figures covering home industry and imports as shown on pages 7042 to 7044, inclusive—Hearings Volume XIII, schedule 13—papers and books (Government statistics) show that the imports have been reduced to less than 2½ per cent of total sales of all wall papers sold in the United States.

In the face of these facts it is proposed that the tariff be increased to 30 per cent ad valorem.

Is this fair to the importers?

Is it fair to the American people?

United States manufacturers export to Canada sixteen times the amount in dollars and cents imported from that country and the United States manufacturers export to Europe and South America also. The total imports from all countries are one-fortieth of the total business transacted in the United States to-day. Why shouldn't the tariff be lowered instead of increased?

The importers bring in new patterns yearly, many of which are copied by United States manufacturers to the great loss of the importers—loss of sales and profit thereon, owing to the fact that the American copy is sold in most instances for less than 33⅓ per cent of the imported article. This is immediately apparent, when, in the instance of one French pattern, the imported paper sells for \$6.50 and the domestic imitation, or copy, for \$2.25, per single roll. This is but one of many.

In the face of this injustice to the importer, it is proposed to make the new tariff 30 per cent. Why?

The importers seek merely a square deal. They realize that home industry comes first—it should—but, when speaking proportionately, the imports are less to-day—compared with sales of all wall papers in the aggregate—than in 1921. Why penalize them?

Surely the importers are entitled to consideration and a chance to eke out a bare existence. The importers are obliged to ask prices substantially more than the prices of the domestic product because of the heavy overhead and selling expenses.

Smaller importations will mean a loss of revenue to the Government with no advantage to home industry because of the outstanding facts that, in the main, the home manufacturers do not manufacture what the importers bring in, and the total importations amount to only 2½ per cent of the total wall-paper business transacted in the United States.

We beg leave to quote from a brief of the W. H. S. Lloyd Co., submitted to the Senate Finance Committee in 1921:

"There is absolutely no competition on the part of the importer. His importations are an artistic advantage to the trade and the community in general. It is not unusual for many of the original and artistic designs drawn by foreign artists to be freely copied by many of the manufacturers in the United States. Such patterns produced and sold more cheaply are competitive to the importers' disadvantage if there is a question of competition. We can only repeat that the importing branch of the wall paper interests should not suffer any increase in the tariff. It is rather deserving of encouragement. It has never interfered with the production of the domestic manufacturers, nor can it."

There is absolutely no competition on the part of the importer because of the vast difference in price between the imported and the domestic article of comparable value.

At the hearings had before the Ways and Means Committee and the Senate Finance Committee in 1921, the domestic manufacturers were solely concerned with the contention that the depreciated monies of foreign countries had removed the protection of the then existing tariff law. (Hearings on general tariff revision before the Committee of Ways and Means, p. 4, Schedule M, p. 3055, and hearings before the Committee on Finance, tariff act of 1921, schedule 13, papers and books, p. 3937.) At that time the domestic manufacturers did not urge any increase of tariff on account of increased cost of manufacture. If an allowance for increase in the cost of labor since the tariff act of 1921 is made, no additional tariff is necessary because the wide difference in the present prices charged by the importers compared with those of the domestic manufacturers permit an increase to the latter of 50 per cent in prices and still allow them to sell their article at one-half the price of the imported article under the present tariff.

We contend that the position taken by the domestic manufacturers at the tariff hearings of 1921, as contrasted with their present attitude, indicates insincerity on their part. In 1921 they asked for an increased tariff because of depreciated foreign currencies. Now it is the cry of protection for American labor. Then, as now, it was solely a desire on their part to arbitrarily eliminate the importer, because, on no logical theory of the case is there any real competition nor any necessity for an increase in the tariff. The margin of the difference of prices now charged for the respective articles permits them to charge 50 per cent more without even approaching competition. Is it reasonable, under these circumstances, for 97½ per cent of the total wall paper business transacted in this country to annihilate the 2½ per cent?

The importers assert that if manufacturing costs have increased since the tariff act of 1921 they had also increased prior to the hearings had in Congress in connection with the passage of the law. Yet the domestic manufacturers at that time complained only against the depreciated currencies of foreign countries, more particularly that of Germany.

If the costs of domestic manufacture have increased, the selling prices of the domestic product should be advanced to cover the increase. This is logical and the natural order of things. To illustrate the point more fully, we append hereto (Exhibit A) a sample of paper brought in from France which retails at \$6.50, per single roll, also a sample of the American copy, which retails at \$1.25 per single roll. If it cost more today to produce the copy than it did in 1921, why do not the American manufacturers obtain more for their product, when the retail price of the imported article is so much greater?

The foreign-made wall papers, if anything, have been advancing in price, and therefore any increase in the present tariff would seriously affect the importing industry.

The claim that any American manufacturer can be forced out of business as a result of the importers, when the proportion is 40 to 1, and the American manufacturers' price is but one-third of the imported article, is absurd.

The domestic manufacturers have made many inconsistent and unfair statements in an endeavor to obtain undue advantage over the importer. On page 7048 of hearings before the Committee on Ways and Means, tariff act, 1929, appears this statement: "There are, approximately, 45 manufacturers in the United States, and 3 of the very largest have been in liquidation and the business wound up during the last two years." This statement is intended to convey the impression that the liquidation was due to the failure of a higher tariff, and yet no exact statement of the causes of liquidation were made. We believe that an impartial examination of the records of the concerns engaged in the manufacture of wallpaper will show lack of cooperation, cut-throat methods, under selling, sacrifice sales, duplication of the manufactured product, business mismanagement, injudicious granting of large credits, and other evils, with the result that it is remarkable to note the claim of the other side that only 3 out of 45 manufacturers are in liquidation.

We contend as follows:

(1) That the maximum justifiable duty on dyed, colored, lithographed, or printed, wall paper is 20 per cent ad valorem, with the 1½ cent per pound eliminated.

(2) That the proposed section be amended so that it shall include all wall hangings commonly or commercially known as wall paper that have a paper backing, intended to be pasted on a wall, regardless of surface finish.

One of the reasons for asking for the amendment set forth in the last subdivision is that Japanese grasscloth, manufactured by a process of applying the bark of a Japanese vine to paper, which can not be made in the United States, will otherwise be subject, under the proposed new tariff, to a high rate of duty under another classification. Annexed hereto, marked "Exhibit B," is a sample of Japanese grasscloth. Because of the fact that grasscloth simply can not be manufactured in the United States, it is the feeling of the importers that it should be put on the free list, since it is absolutely noncompetitive.

Respectfully submitted.

WALL PAPER IMPORTERS' ASSOCIATION.
JOHN J. DAULER, *President*.

SUPPLEMENTAL BRIEF OF THE WALL PAPER IMPORTERS' ASSOCIATION

Hon. REED SMOOT,

The Senate,

Washington, D. C.

ESTEEMED SIR: With further reference to the brief on wall paper submitted by us to you June 12.

We wish to make a correction, and, at the same time, advise you of data which should be convincing.

On the second page of our brief we stated that the price of the domestic imitation, or copy, was \$1.25 per single roll. Kindly note that this should be \$2.25.

Also, please note that whereas in the instance of the domestic copy, the factory price to the jobber in this country is 54 cents per single roll, less a discount of 7½ per cent, which price includes the factory's profit; the imported paper, same pattern, costs the importer \$2.19 per single roll, which cost figure includes the foreign manufacturer's net selling price to the importer, the packing charge, the ocean freight, insurance, brokerage, cartage in New York, the United States duty at 20 per cent ad valorem and 1½ cents per pound.

The \$6.50 retail price, per single roll, is subject to a discount of 33½ per cent to the decorator, and to a still further discount of 25 per cent, should the goods be bought for stock.

In other words, whereas the American factory selling the American copy charge 54 cents, less 7½ per cent, or 50 cents net, the importer can not make a better net price to the dealer purchasing the stock, in the instance of the original, than \$3.25 per single roll, the net selling price to the dealer, in the

instance of the original, being more than six times the net factory price in this country.

Attached hereto will be found copies of the American factory invoices, also data covering the cost of landing the imported pattern. Surely, if there is competition in this instance, or any other case, it is the importer who suffers and not the American manufacturer.

Respectfully submitted.

WALL PAPER IMPORTERS' ASSOCIATION.
JOHN J. DAULER, *President*.

M. H. BIRGE & SONS Co.,
Buffalo, N. Y., April 26, 1929.

Sold to W. H. S. Lloyd Co., 434 South Wabash Avenue, Chicago, Ill.

Terms of sale: Three months from date of invoice. For cash payment within the time specified, 1 per cent discount per month will be allowed. Interest will be charged on all overdue accounts. Delays in transportation do not alter these terms of sale. Please remit in New York or Chicago exchange.

[Bales, 2; 70-pound cases; universal]

Pattern	Rolls	Price	Amount	Amount
3978 E.....	50	\$0.54	\$27.00
Less 7½ per cent purchase.....				\$24.98
Less freight allowance on 70 pounds at \$0.40.....				.28
				24.70

Three per cent cash discount if paid within 10 days.

Duplicate orders subject to change in price; parcel post shipments insured upon request only. We will not be responsible for losses on uninsured packages.

Tassel paper purchased from Desfosse & Karth, 223 Faubourg Street, Antoine, Paris:

	Rolls	Francs	Francs
No. 3910, 27 D.....	80	340 at 44.15	15,011.00
No. 3910, M.....	100		85.50
No. 3910, X.....	80		36.00
No. 3910, V.....	80		
Case.....			15,132.50
20 per cent duty on 15,132.50 francs at rate of 0.039371 plus 1½ cents per pound on 617 pounds:			
Duty.....			128.46
Freight.....			18.78
Brokerage.....			4.00
			151.24
Paid Desfosse & Karth 15,132.40 francs at rate of 0.039371.....			595.78
Total cost.....			747.02
Actual landed cost: 340 rolls cost \$747.02, or \$2.19 7/10 per roll.			

BOOKS

[Par. 1410]

STATEMENT OF ROBERT E. GOLDSBY, NEW YORK CITY, REPRESENTING THE NATIONAL ASSOCIATION OF BOOK PUBLISHERS

(The witness was duly sworn by Senator Walsh.)

Mr. GOLDSBY. I am associated with the law firm of Sullivan & Cromwell, which is general counsel for the National Association of Book Publishers.

Senator WALSH. How large is that association?

Mr. GOLDSBY. This association is comprised of some 85 members constituting with several exceptions the entire body of general book publishers of the country. I have a list of members here. Of course, most of them are in the great publishing center of New York. Some half a dozen are in Massachusetts and half a dozen in Chicago.

Senator WALSH. What paragraph are you interested in and what item in that paragraph?

Mr. GOLDSBY. We are interested in paragraph 1410 of the pending bill, but my remarks will be restricted solely, of course, to books.

Senator WALSH. You may proceed.

Mr. GOLDSBY. Our chief point that I wish to bring to the attention of the committee is that we are entirely satisfied with the House bill. We appeared before the Ways and Means Committee and urged that the existing law be maintained. The only change which the Ways and Means Committee has made in the schedules applicable to books lies in the classification of children's books where the duty has been reduced from 25 per cent to 15 per cent ad valorem so as to make it consistent with the duty applicable to books as a whole. The situation with respect to the importation of books, I may say, is restricted primarily to importations from England. Of course, you have importations of books in foreign languages from all parts of the world but so far as the commercial situation is concerned it is practically restricted to importations from that country.

The only specific recommendation that we made to the Ways and Means Committee as a special request was that there be added at the end of section 1410, which begins on page 172 of your print, a clause with reference to valuation which would be restricted to books alone, and we suggested that that read as follows:

For the purpose of imposing the duties prescribed by this paragraph the value of books imported in lots of 12 or more copies by any importer shall be determined by taking the actual price paid for such books by such importer.

The situation historically with reference to duties on books is that since 1877 there have been fluctuations in practice on the matter of valuing books. At that time the Secretary of the Treasury, Mr. Sherman, ruled that books should be valued for the purpose of imposing duties on publishers' invoices, provided, of course, he had no reason to suppose that the invoice was not correct. From time to time the administrative officials varied that practice and on the latest occasion in 1918 when the Government, of course, was seeking to collect the maximum revenue, the old practice was resorted to of trying to put a valuation on books imported which was not the price paid by the publishers in the foreign market but an arbitrary price which they estimated the book to sell at wholesale in the foreign

market. Of course, under the present law of 1922 it would be difficult to sustain an administrative interpretation which would permit anything other than the present practice, and for that reason we have asked that this amendment be made to this section with reference to books.

We are entirely satisfied with the existing rates and do not seek either to have you raise them or lower them, but it would be a benefit to the publishers if the committee should see fit to grant a special dispensation of this character. Of course, I recognize the general desirability of having the administrative provisions of the act applicable to all articles alike but I would point out that an exception is made in paragraph 28 with reference to coal tar products where a specific exception is made based on ad valorem duties on the American selling price, so that would be in similar line with a request of this kind.

The reason we ask this is that when a publisher buys his books in the English market he does not pay as a rule what the book sells in that market for, he does not pay the wholesale price in the English market. Books are a peculiar commodity in that respect in that after the English publisher has gone to the expense of putting out his book, any additional copies that he might persuade an American publisher to take would simply be so much extra and, therefore, after he has planned his book for the English market he naturally has to get his English wholesale price but so far as importations are concerned he can very well afford to sell those additional copies at greatly reduced cost. The result is that the publishers are now paying duties on books based on a valuation arrived at by this fictitious process of taking the English wholesale market prices whereas they actually paid probably about half of that wholesale cost. For that reason it would be substantial relief to the publishers if they could have the relief prayed for.

Senator WALSH. Is the same practice indulged in in reshipping books to England? Do our publishers sell them in bulk much cheaper than they do in single volumes?

Mr. GOLDSBY. I am not very familiar with that but I would imagine that somewhat the same rule would apply because if the American publisher publishes a book he estimates what he can afford to sell that book for and has a very good idea as to where and how many copies would be needed, so that after disposing of the creative cost of setting up the book and distributing it he could then produce additional copies and afford to export them at a lower price, otherwise he would not have the business so that any little additional amount that can be derived from exportation is availed of.

Senator THOMAS. Are you interested in the publishing business personally?

Mr. GOLDSBY. No, I am not; I am simply a lawyer.

Senator THOMAS. You are just an attorney?

Mr. GOLDSBY. Yes.

Senator THOMAS. You are not prepared to give the committee any information as to the degree of prosperity the publishing houses are having at this time?

Mr. GOLDSBY. No; not in any definite form other than to say that they have been during the last two or three years enjoying a normal

and prosperous condition; that is, as compared with previous times. That, of course, is always open to exceptions. There are probably more failures in the book-publishing industry than possibly anything else, due to equations that enter into that particular type of business.

Senator THOMAS. About how much additional protection will this section give the publishing business over and above existing law?

Mr. GOLDSBY. You mean the amendment I have just spoken of?

Senator THOMAS. No; I mean paragraph 1410.

Mr. GOLDSBY. That section has not been changed.

Senator THOMAS. The rates have not been changed.

Mr. GOLDSBY. They have not been changed except that there has been a reduction of the duty with reference to children's books from 25 to 15 per cent, and that is entirely agreeable to us. My chief point is that we prefer to see the rates remain exactly as they are except it would be a help if the committee could see fit to include a provision which would place the duty on the basis of the actual cost to the publishers. In other words, they think it would be much better all around if the rates were so fixed that the basis used would be the actual price paid rather than a fictitious price, which does not enter into the situation.

Senator THOMAS. You have read the entire text under Schedule 14, have you not?

Mr. GOLDSBY. Yes.

Senator THOMAS. In reading this schedule it occurs to me that there are a great number of paper items that are not covered specifically, and upon that statement I want to call your attention to the last phrase in section 1409:

Paper not specifically provided for, 30 per cent ad valorem.

As a lawyer please tell the committee if that means that only a 30 per cent ad valorem will be added to such items as are contained in paragraph 1409, or will that apply to all paragraphs under Schedule 14 if enacted into law?

Mr. GOLDSBY. You are referring to the immediate ending of section 1409, filter paper, 30 per cent ad valorem, paper commonly or commercially known as cover paper, paper not specifically provided for, 30 per cent ad valorem.

Senator THOMAS. Those are the ones.

Mr. GOLDSBY. That is the existing law.

Senator WALSH. Perhaps the witness has not gone into that.

Mr. GOLDSBY. I am not appearing on paper. I am appearing on books.

Senator THOMAS. You appear as an attorney and I thought you perhaps had given particular attention to that particular clause and I was asking you for your information as to whether or not that was applicable to all items under paper and books or whether or not it was simply applicable to the one mentioned under paragraph 1409.

Mr. GOLDSBY. I take it that any paper not specially provided for would come within that 30 per cent clause.

Senator THOMAS. Any paper not provided for in the entire schedule 14?

Mr. GOLDSBY. Yes. Of course I have studied the section but I have no interest in paper as such. Yesterday Mr. Woll appeared before you and recommended that the Bibles, for instance, be removed

from the free list. I do not think it is necessary to enter into any argument on that score because for one thing Bibles have always been on the free list, and I would say there is certainly no evidence shown as to why it should be removed. Similarly it would be a great pity to have the books in foreign languages removed as well as the books in the other paragraph that he referred to being books going to libraries and institutions, books of foreign governments, and so forth, because it is perfectly obvious that putting a tariff on those books would not serve to create a demand for those books to be set up here as that would not be economically possible. Those books simply represent perhaps a dozen copies, or a very limited number, to say the least, and it would simply be putting a tax on scholarship to attempt to remove such items from the free list.

Senator COUZENS. That would not apply to the Bible.

Mr. GOLDSBY. I am not speaking of the Bible now. I may say with reference to the Bible that by far the great majority of Bibles used in this country are manufactured and produced here. Just to show you that there has been no increase in importation of Bibles warranting their removal from the free list I will call your attention to the fact that in 1923 the value of Bibles in terms of dollars, imported in that year, amounted to \$359,105. That has only increased to \$444,074 in 1927, which is very negligible. I am also told by those who are in position to know that the principal importations of Bibles are restricted to special editions and what you might call de luxe editions or peculiar editions that, of course, would not be produced here in any event.

I would also call your attention to the fact that on the dutiable classes of books, those of foreign authorship, which pay an ad valorem duty of 15 per cent, that the increase there also has been negligible thus showing no warrant for any increase in rates. In 1923 the value of that class of books imported was \$2,083,981, which increased in 1927 to only \$2,894,203.

Senator DENEEN. Is that in your brief?

Mr. GOLDSBY. Yes. I will, if I may, suggest to you that at the hearing before the Ways and Means Committee another representative of organized labor, who, of course is vitally interested in the production of books, was present; and I would like to call your attention to his testimony on page 7059 of the hearings—Mr. Brassil, of the employing bookbinders of America, an association comprising some two-thirds of the employing edition binders throughout the United States, and employing over 20,000 men, and he urged in substance that the present duty of 15 per cent on books of foreign authorship, and the present duty of 25 per cent on all other books specially provided, should be retained. He stated:

Some books sell well in England but will not sell well in this country. On the other hand some books that sell poorly in England sell well here. The American publisher is taking a chance with every book he contracts for. We believe, therefore, that we should do all we possibly can to encourage the American publisher to bring in a larger number of titles, because the greater number of titles he imports the greater chance for him to find one that will be a success. When he does find one that sells well, he will be obliged to set the type, print it, and bind it in this country, and I, representing the bookbinders, realize that fact from my experience.

Senator DENEEN. Do you concur in that recommendation?

Mr. GOLDSBY. Absolutely.

(The brief submitted is as follows:)

BRIEF OF THE NATIONAL ASSOCIATION OF BOOK PUBLISHERS

PRESENT TARIFF RATES ON BOOKS

The principal tariff schedule applicable to books is set forth in paragraph 1310, Schedule 13, Title I, of the tariff act of 1922, as follows:

"Unbound books of all kinds, bound books of all kinds except those bound wholly or in part in leather, sheets or printed pages of books bound wholly or in part in leather, pamphlets, music in books or sheets, and printed matter, all the foregoing not specially provided for, if of bona fide foreign authorship, 15 per centum ad valorem; all other, not specially provided for, 25 per centum ad valorem; blank books, slate books, drawings, engravings, photographs, etchings, maps, and charts, 25 per centum ad valorem; book bindings or covers wholly or in part of leather, not specially provided for, 30 per centum ad valorem; books of paper or other material for children's use, printed lithographically or otherwise, not exceeding in weight twenty-four ounces each, with more reading matter than letters, numerals, or descriptive words, 25 per centum ad valorem; booklets, printed lithographically or otherwise, not specially provided for, 7 cents per pound; booklets, wholly or in chief value of paper, decorated in whole or in part by hand or by spraying, whether or not printed, not specially provided for, 15 cents per pound; * * *."

The following table summarizes the rates applicable to the principal classes of books, including those covered in the foregoing schedule, as well as those covered by other sections of the tariff act:

	Per cent
Books in English language (par. 1310):	
By foreign authors.....	15
By American authors.....	25
Books in English language (par. 1310), bound wholly or in part in leather:	
By foreign authors.....	25
By American authors.....	25
Books in English language printed over 20 years.....	Free
If rebound within 20 years in leather, dutiable on the cost of bindings (par. 1528).....	30
Publications of scientific and literary associations, or academies, or foreign governments.....	Free
Books in foreign languages, however bound.....	Free
Bibles.....	Free
Books, pamphlets and music in raised print for the blind.....	Free
Books or paper or other material for children's use, not exceeding in weight 24 ounces each, with more reading matter than letters, numerals, or descriptive words.....	1 25
Books for educational institutions (par. 1530).....	Free
Articles (including books) of American manufacture, if imported by the exporter thereof (par. 1514).....	Free
Toy books without reading matter other than letters, numerals, or descriptive words, bound or unbound, and parts thereof (par. 1414).....	70

The law (sec. 304) requires that every article capable of being marked shall be marked in a conspicuous place indicating country of origin. If not so marked when imported, a duty of 10 per cent will be levied in addition to the regular duty, or if such article is free of duty it shall pay 10 per cent of the appraised value. Books are not excepted.

BOOK IMPORTS UNDER TARIFF ACT OF 1922

Statistics are now available for five full years on importations of books, the tariff act of 1922 having gone into effect in September of that year. The following table shows the quantities of the various classes of books, etc., imported since the present act went into effect:

¹ H. R. 2667 proposes a reduction on children's books of this character to 15 per cent.

	1922	1923	1924	1925	1926	1927
Dutiable:						
Of foreign authorship, 15 per cent ¹	\$446,627	\$2,083,981	\$2,016,471	\$2,276,905	\$2,792,511	\$2,894,203
All other, 25 per cent ¹	\$85,619	385,483	366,306	523,446	961,872	1,167,898
Books and other material for children (more text than pictures), 25 per cent.....	\$18,608	63,248	40,621	52,441	50,279	39,276
Toy books, 70 per cent.....	\$2,521	610	1,638	263	326	-----
Duty free:						
Over 20 years old.....	1,830,287	1,672,044	1,912,144	3,480,017	2,768,595	2,453,197
Bibles.....	229,463	359,105	441,371	443,930	390,692	444,074
In foreign languages.....	968,881	1,005,281	1,453,428	1,706,483	2,138,196	1,648,555
Books for institutions and private use.....	329,958	359,392	415,651	520,134	682,621	741,836

¹ Includes books, unbound and bound (except those bound in leather where the binding has a higher rate), pamphlets, music and all printed matter not otherwise specified.

² The classification includes any books, music, and pamphlets which are of foreign authorship.

³ 3 months.

It will be noted that books and similar material over 20 years old which, because of the age limit, are duty free, went up steadily until 1925, and since then have fallen off. Bibles have remained practically stationary, this is spite of the fact that the market for them has been steadily growing. Books in foreign languages have naturally increased, as communication has improved with foreign countries, but, after rising from approximately \$1,000,000 to over \$2,000,000, 1927 saw a decrease to \$1,648,555. Books free for institutional or private use and not for sale increased from \$359,392 in 1923 to \$741,836 in 1927.

The classification that most concerns the book-publishing trade is that of dutiable books imported by publishers for sale. As compared to the total sales of books in the United States the figures are small, practically negligible in fact, being made up largely of books that can not be manufactured economically in the small quantities which can be sold in this country.

The tariff act of 1922 created a new problem in interpreting the figures applicable to this class of books, since the 15 per cent duty, which was continued from the former Underwood tariff, applies only to books, music, and pamphlets of foreign authorship, all others being charged with a duty of 25 per cent, including books, etc., by American authors. Importations of books, etc., of foreign authorship have increased gradually from approximately \$2,000,000 in 1923 to \$2,894,203 in 1927. Importations of books, music, and pamphlets of the dutiable class, other than of foreign authorship, have gradually increased from \$385,483 in 1923 to \$1,167,898 in 1927. It is impossible to obtain separate statistics showing what proportion of this increase is applicable to books, pamphlets, music, etc., respectively. The larger increase in the volume of imports of the 25 per cent class is believed due in part to the fact that books of compilation, indexes, etc., have been decreed by the administrative officials not to be of foreign authorship, even though such works are edited by foreigners and were formerly classified as being of foreign authorship. There has also seemed to be a tendency on the part of administrative officers to allocate an increasing number of books to this class carrying the higher duty on the ground that they belong to a class "not otherwise specified."

HIGH TARIFF PROTECTION FOR BOOKS UNNECESSARY

The principal reason why it has not been necessary for American book publishers to request high tariff protection is that the American manufacturer of books can make books as cheaply as any other manufacturer of books in any other part of the world. He has nothing to gain, therefore, by having his books manufactured on the other side. The actual physical cost of manufacturing a book depends largely upon the number of copies to be manufactured. For instance, if it costs \$600 to set up the type and plates for a book, the cost of the setting and plates alone would amount to 60 cents per copy if 1,000 copies were printed, whereas if 10,000 copies were printed from these plates this cost is reduced to 6 cents per copy. Since this country is by far the largest book-buying public in existence, it is obvious that books can best be produced on a large scale here. A second controlling reason why book importations are not carried on upon a relatively large scale is that the publisher, as a practical matter, must be in close touch with the manufactured product in order to obtain proper results.

In actual practice, the books imported by American publishers are in editions which range primarily from 250 copies to, say, 1,000 copies in the case of an important book, and importations rarely exceed this figure. From the early history of this country, limited editions of books have been purchased by American publishers from English publishers. Where an edition in small numbers is imported, the books are usually bound; whereas editions of considerable numbers are usually imported in sheets, for economy's sake, and bound in this country. The overwhelming majority of books imported from England are used for educational purposes or for collateral reading in specialized subjects, either for classroom work or by educators in their various specialized fields. It is now a rare thing for any quantity of a popular book of a temporary character to be imported from the other side. The unique conditions of the book trade make it practically necessary to manufacture the books on this side of the Atlantic, in the case of any large public demand. One may import a small quantity of an English book for trial purposes, but if such a book interests the American public and develops a substantial public demand, the American publisher immediately has the book set up and prints and manufactures it in America, because he can, as a rule, manufacture it more cheaply than he can import it, and besides he can print, bind, and issue it to the public within a much shorter time than the same book could be obtained by importing it from England.

POSITION OF BOOK PUBLISHERS WITH RESPECT TO AMENDMENT OF PRESENT TARIFF LAW

The book publishers do not desire to request at this time any specific changes in the rate structure as prescribed by the tariff act of 1922. The book publishers have adjusted their operations on the basis of the present schedules and desire to have them continue. No objection is raised with respect to the rate schedules on books in the pending tariff bill (H. R. 2667) as passed by the House, inasmuch as no material changes have been made.

The book publishers are emphatically opposed to any increase in any of the schedules applicable to books, and desire to register their sincere conviction that no benefit could accrue to any group from such action, and that any increases in the tariff rates would seriously injure the book trade, as well as the promotion of education and the real welfare of the reading public.

DETERMINATION OF VALUE ON IMPORTED BOOKS

The book publishers, while not recommending any changes in the schedules of tariff rates, do desire to bring to the attention of the committee the administrative interpretation of the law with respect to the value placed on books for the purpose of imposing the rates fixed by statute. Difficulties have been encountered by the publishers with the administrative authorities on the matter of fixing the foreign wholesale market value since 1877. The publishers have long maintained that it is unjust to assess duties on imported books on any basis of valuation other than the price paid by the importing publisher to the foreign seller or publisher. The present practice is to levy the duty on a basis equivalent to two-thirds of the English list price abroad, on the theory that such price constitutes the foreign wholesale price. The actual price normally paid by the American importing book publisher amounts only to approximately one-half of the artificial price thus set up by the customs authorities, and therefore in effect virtually doubles the duty which the book publishers feel Congress undoubtedly intended to levy. The publishers believe it entirely inequitable that the "wholesale price in the market of origin" should be regarded as the price at which a dozen copies might be sold for retail trade purposes, rather than the price at which the American publisher would be able to obtain his books in lots of several hundred or a thousand copies. The publishers feel that the duty in each case should be levied on the price actually paid for the books imported, and not on the artificial basis set up by the administrative authorities, which has no relation to the actual cost of the books to the importer.

This question as to the foreign wholesale market value of books in England arose in 1877, and Secretary of the Treasury Sherman at that time issued an order to the appraising officers throughout the country instructing them to accept the importing publisher's invoice, unless there was some reason to doubt the integrity of the invoice. The same question arose subsequently when Mr. Gage was Secretary of the Treasury, and again when Mr. Shaw, and subsequently

when Mr. MacVeagh, held this office. In all three of these instances, the Secretary of the Treasury fell back upon the original stand of Secretary Sherman. In 1913, when the Underwood Tariff Act was enacted, Congress, evidently with the laudable intention of reducing the cost of imported books to students and the reading public, lowered the duty on them from 25 per cent to 15 per cent. In 1918, when strenuous efforts were being made to increase the Government's revenues, the question of the valuation of imported books on which the duty should be assessed was again raised and, in spite of the apparent intention of Congress to lower duties on imported books, it was decided by the administrative authorities that the duty should be assessed not upon the cost of the books to the importer, but upon the fictitious basis of two thirds of the English list price, which, in many or in most cases, was double, and in some cases more than double, the actual cost to the importer; the effect being that the books in question now pay a greater amount of duty under the reduced 15 per cent rate as authorized by Congress, than was previously paid on such books at the higher rate of 25 per cent.

The National Association of Book Publishers therefore earnestly recommends that this matter be equitably adjusted by amending paragraph 1310 of the tariff act of 1922 (par. 1410 of H. R. 2667) so as to add at the end thereof the following:

"For the purpose of imposing the duties prescribed by this paragraph, the value of books imported in lots of 12 or more copies by any importer shall be determined by taking the actual price paid for such books by such importer."

Respectfully submitted.

SULLIVAN & CROMWELL,
General Counsel for the National Association of Book Publishers.
EUSTACE SELIGMAN,
ROBERT E. GOLDSBY,
Of Counsel.

GREETING CARDS

[Far. 1410]

STATEMENT OF CHARLES J. WEST, WEST NEWTON, MASS., REPRESENTING GREETING CARD MANUFACTURERS

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

Mr. WEST. I represent 22 manufacturers of greeting cards.

Senator WALSH. Located all over the country?

Mr. WEST. They are located in all parts of the United States, and so far as we can ascertain they are doing from 40 to 50 per cent of the volume. Our trouble seems to be inability to have the law read clear enough for the courts, or rather, the appraisers at the port, to understand it.

Senator DENEEN. Which is your paragraph?

Mr. WEST. Paragraph 1410, page 173, lines 6 to 8.

The 22 publishers whom I represent are members of the Greeting Card Association. They publish birthday cards, Christmas cards, New Year's cards, valentines, Easter cards, friendship cards, Mother's Day cards, and cards that would come under a dozen or more other classifications, also cards that come under the classification of gift and social cards, such as tally and place cards, shower cards, sympathy announcements, and 10 or 12 other classifications under the social column.

The present law reads:

Greeting cards and all other social and gift cards, including those in the form of folders and booklets, wholly or partly manufactured, with text greeting, 45 per cent ad valorem; without text greeting, 30 per cent ad valorem.

We have experienced a great deal of trouble—or rather, the appraisers at the ports have experienced a great deal of trouble, in determining just what a greeting card is and how it should be classified.

We asked the Ways and Means Committee to change the wording of the paragraph to read as follows:

Greeting cards, valentines, tally, place, and all other social and gift cards, whether printed, lithographed, engraved, etched, or made by any other process, including folders, booklets, cut-outs, mechanical pullers, pull outs and drops, made from cardboard or paper, wholly or partly manufactured, with greeting title or other wording, 45 per cent ad valorem; without greeting title or other wording, 30 per cent ad valorem.

Senator WALSH. Does that amendment take any of the other items in the rest of that paragraph and bring them within your definition?

Mr. WEST. I do not quite understand you, Senator.

Senator WALSH. Does it interfere with any other items in the rest of the paragraph?

Mr. WEST. No.

Senator WALSH. What objection can there be then to this amendment?

Mr. WEST. I do not know, but look what they gave us.

Senator WALSH. I understand. I do not see how there can be any objection to it, unless you interfere with something else in this schedule. Does he?

Mr. FRANKLIN H. SMITH (Tariff Commission). Well, it would interfere with something in 1406, in your lithograph schedule. It would probably transfer from your lithograph schedule over into this.

Mr. WEST. Yes; the Ways and Means Committee were good enough to transfer valentines. It means our trouble starts from the beginning. Prior to the law of 1922, the words "greeting cards" did not appear in the tariff law. At that time I happened to be acting in the same capacity that I am to-day, and I was interrogated by Mr. Treadway, and I presented to him a much lengthier classification than we have asked for here, and on his advice the wording was made as it appears now in the law. But in spite of the fact that valentines have for centuries embodied greetings of all sorts, the United States Customs Court refused to acknowledge valentines as greeting cards.

Senator WALSH. Would transferring valentines from the paragraph into the amendment change the rate on valentines?

Mr. FRANKLIN H. SMITH. It has already been changed by this language. The thought of the Ways and Means Committee was that all of the articles enumerated in his suggested amendment are really covered by greeting and gift cards.

Mr. WEST. But that is not the case when it comes to the customs courts. For instance, Mr. Treadway said the same thing, that it was the intent of the framers of the clause as it now stands to cover all things. That you could verify by referring to our original brief of 1921, in which we specified Easter cards, valentines, tally cards, place cards, and those items in the present law.

Senator WALSH. Leaving out valentines?

Mr. WEST. That is a very important thing that we want to get in, Senator. There was a definition existing, but the committee felt that all of the articles enumerated got into this particular branch without being listed.

Senator DENEEN. The point is, this is general language, and you want to make it particular?

Mr. WEST. Yes; we do.

Senator DENEEN. They call it "social and gift cards" and you want to particularize?

Mr. WEST. Yes. They do not call a valentine a social or gift card. I was present at a trial in New York where the importer said a valentine was a token of love.

Senator DENEEN. Not always, is it?

Mr. WEST. Well, I do not know. It is supposed to be anyway. But most certainly it is in our particular instance a gift card.

There is another very serious matter. We did not ask for any change in rates, but merely for a clarification of the text, so that there would be no further appraisal uncertainty, but the way the provision is worded, the rate is cut 10 per cent on flat cards, and the major portion of the importations are flat cards.

Senator DENEEN. Which paragraph is that? The same one you are addressing yourself to?

Mr. WEST. Yes, sir; the same thing. The major portion of the importations are of flat cards, and I would say that the natural increase of 5 per cent on the minor portion will not prove very helpful. The omission of the words also "without text or greeting" will enable importers to land decorated cards without wording as printed matter. Such material could later be converted into greeting cards by the addition of the text.

I would like to illustrate just what I mean by that. There are two blank cards [indicating]. Now those coming into port in that form or in this form would most certainly be termed "printed matter," yet they are obviously designed for greeting cards. They can be, and have been, so I am given to understand, imported in sheet form, much larger sheets than I have shown here, and afterwards cut up and greetings applied.

Senator WALSH. What is the difference now in the rate between these cards and printed cards?

Mr. WEST. The rate now on printed matter, I believe, is 10½ cents per pound.

Senator WALSH. And the unprinted?

Mr. WEST. I am now speaking of the unprinted or greeting cards without words, 10½ cents per pound; with words they are 45 per cent ad valorem.

Senator WALSH. Do you think that is an unfair spread?

Mr. WEST. I do not think there is any relation between the two at all, Senator. These coming in as printed matter, and obviously being greeting cards, they should be classified as greeting cards without wording rather than "printed matter." As it is now the clause reads, or the omission of the words "with or without wording" will enable any importer to bring in printed matter and afterwards convert them into greeting cards by merely printing or engraving the text.

Senator DENEEN. Mr. Smith, was that matter presented to the Ways and Means Committee?

Mr. FRANKLIN H. SMITH. No; it was not presented to the Ways and Means Committee.

Senator WALSH. Do you wish to continue your testimony?

Mr. WEST. I will ask the gentlemen of the committee if I may have the opportunity to put in the record later in concrete form exactly what is desired.

Senator WALSH. You can submit that for the record.

Mr. WEST. I will have it ready in 15 or 20 minutes and hand it to the clerk.

(Mr. West subsequently submitted the following memorandum:)

MEMORANDUM OF THE TARIFF COMMITTEE, GREETING CARD ASSOCIATION,
NEW YORK CITY.

Hon. REED SMOOT,
Chairman Senate Finance Committee, Washington, D. C.

Page 173, lines 6 to 8: Respectfully request the inclusion of the words italicized. "Greeting cards, valentines, *tally, place* and all other social and gift cards, including folders, booklets and cut-outs or in any other form, wholly or partly manufactured, with greeting, title or other wording, 45 per centum ad valorem; without greeting, title or other wording, 35 per centum ad valorem."

Otherwise material convertible into greeting cards could be landed as printed matter and the purpose of the clause defeated.

Respectfully,

CHARLES J. WEST, Chairman.

MAPS AND CHARTS

[Par. 1410]

STATEMENT OF M. J. STANTON, CHICAGO, ILL., REPRESENTING MAP ENGRAVERS AND PUBLISHERS

(The witness was duly sworn by Senator Deneen.)

Senator DENEEN. Whom do you represent?

Mr. STANTON. I am employed by Rand McNally Co., and I am discussing the problem of maps and atlases. I represent the Williams Engraving Co., of New York, A. W. Wilkins, secretary; the Poates Corporation, G. Taylor, vice president, New York City, C. S. Hammond & Co., of Brooklyn, N. Y.; the General Drafting Co. (Inc.), of New York; the Redfield-Downet-Odell Co., Judd H. Redfield, treasurer, New York City; and the J. W. Clement Co., of Buffalo, N. Y.; also Poole Bros. (Inc.), of Chicago. They join us in this brief requesting an increase in maps and atlases. Our whole basis for that request is the difference in wage scales.

Senator WALSH. Are you opposed to the House rate?

Mr. STANTON. We wish an increase over the House rate.

Senator WALSH. Are the House rates larger than the present?

Mr. STANTON. They did not change them. The present rate is 25 per cent. The making of maps and atlases is purely headwork and handwork up to the time it goes to press and it is that work which we seek to protect. Taking the London wages, the average rate, the percentage of the London rates compared with Chicago wages it is less than 35 per cent of the trades that are employed in this business of producing maps.

Senator COUZENS. Is there any difference in the productivity of the men?

Mr. STANTON. It is all handwork, and I do not think there is any difference between a hand in London and another hand in the United States. There is no machine used up to the point of press.

Senator WALSH. Are there many maps imported?

Mr. STANTON. I have been unable to determine. I looked over the commerce reports, and there is no separate classification whatever.

Senator WALSH. Your idea is to establish a duty because the domestic industry is meeting with serious competition.

Mr. STANTON. What started me on this application was finding that American publishers were sending to Europe to have maps printed. Here is the Appleton Atlas, published by D. Appleton & Co. in 1928, and it bears a statement "Printed in the United States of America." On every map page in the book appears the legend "Printed in Great Britain by George Philips & Son (Ltd.)."

Senator DENEEN. How many pages of maps?

Mr. STANTON. Ninety-six pages of maps in the Appleton Atlas.

Senator THOMAS. All printed in Great Britain?

Mr. STANTON. Yes. The rest of the text matter is just index. The indexing is done and appears with those maps. We got out this atlas. The Rand McNally Atlas was published in 1923. It also contains 96 maps. We hope to publish an edition of 15,000. Appleton imported an edition of 15,000. Now, I appeared before the Ways and Means Committee.

Senator WALSH. You mean to say they imported maps and then bound them in this country?

Mr. STANTON. Yes.

Senator WALSH. That is why you use the slogan there, "Made in America"?

Mr. STANTON. In our copyright law, I will say this for the benefit of the Senators, the book publishers of the United States have a very great protection in the copyright law because the copyright law contains a manufacturing clause providing that you can not get United States copyright unless you manufacture the book in the United States, but unfortunately it did not cover maps and that is the reason they can import maps and still have a copyright notice on the book. Appleton gave us the information.

Senator WALSH. What is the difference in price of the two atlases?

Mr. STANTON. This Appleton atlas is listed at \$3.50 and sells wholesale at \$2.62½, a 25 per cent discount. Our atlas is listed at \$4 and sells wholesale at \$3.

Senator WALSH. And the first atlas is better than yours, I suppose. I am not asking you to go on record.

Mr. STANTON. We have made comparison with theirs on the Island of Great Britain and I think we have demonstrated in the House brief here that we have a better map and a much more legible map.

Senator WALSH. This looks to be worth that much more difference.

Senator KEYES. Because it is greener.

Mr. STANTON. This is the Rand McNally atlas. There is a nice map for you. I will defy you to find a map in this book that will equal it.

I just want to say that the American publishers are beginning to do this thing. I do not know how extensive it is. Mr. Woll pointed that fact out yesterday. Here is a copy of the United States Daily, dated May 16, 1929, which contains this paragraph:

Overruling a protest of the Denoyer-Geppert Co., of Chicago, the United States Customs Court has just ruled that imported maps, in sheet form, 16 to a sheet, destined to form parts of a book, were correctly taxed upon entry at the

rate of 25 per cent ad valorem under paragraph 1310, tariff act of 1922, which is the specific provision for maps.

Here is an American publisher sending to Europe to have his maps made. I was talking with a representative of the General Drafting Co., who signed our brief here, and he said as he was over to Europe last year, in England and in Stockholm, he went through a plant in Stockholm, and he told me he was seriously thinking of having his maps made over there and brought in to the United States because of the difference in wages. The average wage here for these map workers in Chicago is \$60. The average in London is \$20 a week. That scale in Chicago is on a 44-hour basis, but in making this comparison I did it on the 48-hour basis, because 48 hours is the standard pay rate in England.

With that competition to face us it is only a question of time when every map publisher will have to have his maps made in Europe unless the tariff is equalized to take care of this wage business.

Senator COUZENS. Is that proposition contained in the brief you are going to file?

Mr. STANTON. Yes, in paragraph 341 of the tariff act. That is the plate tariff. Where they import plates they provide for a duty of 25 per cent. You can make duplicate plates very cheaply if you have got your master plate made, and then you sell these duplicate plates at the price of making them. A 25 per cent duty would not mean anything in the way of protecting that creative labor. We have suggested that reference to plates, maps, and charts be taken out of that section and a special section made. The principal cost in making maps and atlases is drawings, draftsmen's work. Here is a map of the world made on a new projection. The cost of that is about \$15,000 before we get to the press at all, just making the drawings and plates. The drawings are the principal cost. Now, this kind of map gives an equal area of projection. Any square inch on that map will contain the same amount of territory. Greenland here is proportionately sized in comparison to South America. Take the Mercator projection. That is as large as South America because the Mercator projection is made on the theory that the world is a cylinder.

Senator THOMAS. Is that map on the market?

Mr. STANTON. Yes.

Senator THOMAS. What does that sell for?

Mr. STANTON. The retail price is \$8.75. The sale of maps is a very limited item. We probably do not sell more than a thousand of those maps during the year. So we have to get a good price for the maps.

There is another fact about these maps. They will last in the school-room more than ten years if there is any degree of care taken of them. So you do not have repeat sales of them. The market is quite limited.

I was speaking about plans and drawings being sent over there. Plans and drawings can be sent over there. There is no tariff whatsoever on a drawing, so you can send over to Europe and have your drawing made. The specifications might cost \$10,000 to make in the United States and they may be imported here without any tax, duty free, so this type of labor is absolutely without protection.

I have suggested that in paragraph 341 we except maps and charts therefrom, but add a section to the sundries item providing "plans,

drawings, and plates for the reproduction of maps and charts 50 per cent of the creative cost of such plan, drawing, or plate based on American cost of similar plans, drawings, and plates.'

This would not be equivalent to giving us 100 per cent protection. It would probably give us about 83½ per cent protection. That is the figure furnished by Appleton. I was able to work back and determine the capital cost of this book as against this book, the capital cost of the Appleton Atlas as against the capital cost of our atlas. We know what the capital cost of the 96 map pages of our atlas is. It runs \$94,000. Figuring 35 per cent of that as the Appleton capital cost we get a figure of about \$33,000.

Senator THOMAS. Those two atlases are very similar in size and each book contains 96 pages and each contains a similar index. Which of those is the original model?

Mr. STANTON. This was published in 1923, the Rand-McNally. The Appleton was published in 1928.

Senator THOMAS. Those atlases that contain foreign maps would be termed imitations or duplicates?

Mr. STANTON. They go to the very same market. It is intended to be used in schools and by doing that they are able to make a price of \$3.50 as against our \$4 price. They show by their own figures that they make a saving on 96 map pages of 47.45 cents. They show what they paid for it. They show that they paid 62.42 cents per set of 96 pages f. o. b. London. Our cost is \$1.28 cents for 96 pages f. o. b. Chicago. That is the cost to us. Working back and using this capital cost of \$33,000, we find that the British map maker can make those maps at 50.16 cents per set so that he makes a profit of 12.26 cents per set when he sells them at 62 cents.

Senator THOMAS. He can make 96 maps for that price?

Mr. STANTON. Yes, for 50.16 cents per set. We work that back. That is assuming. We know our cost.

Senator THOMAS. That is the cost of each map or the set of 96 maps?

Mr. STANTON. A set of 96 maps.

Senator THOMAS. In other words, a set costs a little less than a half a cent apiece.

Mr. STANTON. To the British map maker. He sold them for 62.42 cents and made 12.26 cents. Our cost for making a set of 96 pages was \$1.28. There was no profit in that.

Senator THOMAS. Where lies the estimate of cost of that book if the map costs that much?

Mr. STANTON. It is in the printing, setting them up, indexing it, and getting it bound.

Senator COUZENS. And also includes the duty.

Mr. STANTON. Yes. The duty amounts to 25 per cent of that. Their cost laid down in New York is 80.55 cents. That is the landed cost in New York. They pay a duty of 15 cents and there is 2 cents for freight and consular fees and such items. But the actual difference in cost between those two atlases is the difference between 50.16 and \$1.28. We are asking for an increased duty on maps of 25 per cent to 75 per cent. This will not equalize it at all. We ought to have, as Mr. Woll said, at least 100 per cent where it is purely a labor proposition because the labor here is three times the labor in England.

Senator THOMAS. What effect will that have on the price of the book?

Mr. STANTON. The price of our book was based on the American cost in 1923 at \$4 and remains the same. They will probably figure the price of that book at about \$4.

I show by these statistics here that Appleton made a saving of 47.45 cents, but they only give the public 37½ cents of that. They would still make 10 cents in their treasury by this operation. They do not give the whole saving to the American public.

Senator THOMAS. Do you state in your brief as to the house you represent, Rand McNally, how many employed, and how old your house is.

Mr. STANTON. I did that in the brief to the House. This brief is prepared on the theory that it is an application of map publishers because there are so many more that joined with us in that brief. I have their signatures and these are practically the principal houses in America. Appleton, in his statement, said that they would have to go to a competitor in order to have their map made if they had it made in the United States. We are the only competitor. They did not have to come to us as any one of the other houses could take care of the job.

Senator THOMAS. How many companies are represented by you at this time?

Mr. STANTON. Eight.

Senator THOMAS. Are you familiar with their business at this time, whether or not it is prosperous or not?

Mr. STANTON. I am not familiar with the internal affairs of any company but our own. I am with the Rand McNally Co.

Senator THOMAS. Are you qualified to advise us as to the Rand McNally Co. whether or not they are prosperous in their business?

Mr. STANTON. We have been paying dividends for the last eight or nine years of 10 per cent on a capital of \$1,000,000. We have a surplus of \$3,000,000 and probably \$4,000,000 investment. We are paying \$100,000 a year in dividends. The last two years we had to draw from surplus to pay them.

Senator THOMAS. To what do you attribute that fact?

Mr. STANTON. Here is one thing we sell that is pretty significant, our school atlas. That 50 cents' difference probably is taking the business away from us because for the ordinary user who does not go into the details, the map in one book is as good as the other. It covers the same material and 50 cents is worth saving to the retailer, to the consumer. The difference in the price to the consumer is 50 cents.

Senator DENEEN. You do a very large business here making maps?

Mr. STANTON. Yes; we have probably 500 people employed in the map end of our business.

Senator DENEEN. How does your company compare with others in the number of employes?

Mr. STANTON. I presume we are the largest map-making company in the United States. Poole Bros. & Co. (Inc.), of Chicago, is a very substantial organization, and I think the J. W. Clements Co. of Buffalo, is substantial. They succeeded an old company which had been in existence years ago. I do not know the volume of their business but they have been manufacturing for many years. In

fact, they claim to have preceded Rand-McNally in our use of the wax-engraving process.

Senator DENEEN. I think one of your company represented to me that you could not remain in the map business without protection and that ultimately you would have to send to England to have your maps made.

Mr. STANTON. That is what we are figuring on having to do unless we get relief. We might establish a drafting room over in London and send orders and specifications over there and have the stuff sent back. We can do that just as well as or we could make an arrangement with a house like Phillips or Bartholomew to use their drafting room and send specifications over and have them come back to us.

Senator THOMAS. Is not that exactly what the larger companies are doing, establishing branches in foreign countries to produce more advantageously than here and send their goods back?

Mr. STANTON. That is what the tendency will be unless we get this kind of protection. Most of the companies are doing it with the idea of getting a foreign market rather than having them made and sent back to the United States. Take Ford. He has established plants all over the world. That was to escape the local tariff jealousies, but he is able to do business in those countries and he is not planning to send them back here in the United States.

This is the first instance where I have seen this done, where an American firm could send specifications across to London to have the work done there and then sent back here, but it shows the way. I talked with Mr. Lindbergh, of the General Drafting Co., and he took it seriously. He said, of course, if we get this protection here he will not have to do it.

Senator THOMAS. If we should do that, would not your company then be in favor of reducing the tariff on maps instead of increasing it?

Mr. STANTON. If we did that, we certainly would. I will say this, that there are very few publishers in the United States—take that list of publishers you have here and, by the way, I suppose our name is on there when we signed that—I am talking about the preceding speaker—we understood that was seeking to get the tariff off the books; that is, off of those books that would not have to be manufactured in the United States, like scientific books, where the world market is only one or two thousand copies and the publisher prints it for the world where the edition would be too small to set type and do the work here. The publishers of that stuff already have a very substantial protection in the copyright law in the manufacturing clause, by which in order to get United States copyright they have got to print and bind the book in the United States and make affidavit to that effect before getting copyright. Maps happen to have been in a different section of the law and were not covered by that manufacturing clause.

Senator DENEEN. You will file with the committee these two atlases and the other matters referred to?

Mr. STANTON. Yes.

(The documents referred to were filed with the subcommittee as exhibits.)

(The brief submitted is as follows:)

BRIEF ON BEHALF OF MAP ENGRAVERS AND PUBLISHERS

GENTLEMEN: The preamble of the tariff bill passed by the House of Representatives states as among its objects the following:

"To encourage the industries of the United States and to protect American labor."

Paragraph 1410, line 9, page 172, H. R. 2667, Seventy-first Congress, provides for the following duty on maps and charts:

"Maps and charts 25 per cent ad valorem."

This is not sufficient protection to equalize the difference between the wages of map workers in this country and foreign countries as shown by the following table:

Comparative wage scales based on a 48-hour week

	Berlin	Edinburgh	London	Chicago
Cartographer.....	\$19.10	\$21.82	\$20.61	\$54.00-\$70.00
Map draftsman.....	21.42	21.82	20.61	42.00- 54.00
Map engraver.....	16.54	20.61	24.25	24.00- 58.00
Compositor.....	15.47	20.37	17.22	59.45
Electrotyper.....	13.33	21.34	20.77	69.82
Lithographic pressman.....	14.75	20.37	20.53	65.45- 70.91
Typographic pressman.....	14.75	20.37	\$21.58- 26.19	55.63- 62.18
Photo-engraver.....	16.54	24.25	24.25	62.71
Lithographic camera man.....	12.51	24.25	20.61- 33.95	65.45- 98.17
Lithographic transfer man.....	16.51	20.37	19.40	65.45- 70.91
Bookbinder.....	12.45	20.37	18.02	52.00
Average for all above employees.....	15.76	21.45	21.53	61.91

This table shows that the average of London wages is less than 35 per cent of the average of Chicago wages. The information contained in this table for Berlin, Edinburgh, and London was obtained from the American consuls in those cities. The Chicago wages are those prevailing in Chicago at the present time. This table bears out the finding, on evidence, of the Ways and Means Committee, Seventy-first Congress, that "the average rate of wages abroad is 40 per cent or less than in the United States," page 2, report accompanying H. R. 2667.

MAP MAKING A SLOW PROCESS

The making of a map or chart is a slow, tedious process. It is all headwork and handwork until the plate is completed and is ready to place on the press. Source material must be investigated, the material to go on the particular map selected therefrom, the drawing must be drafted and copy prepared for the engraver; the engraver must engrave the plate from which is made the master and duplicate printing plates. No mass production is possible in this work. The making of a drawing and plate for a wall map of a country may take several men many months and some maps have taken years to make.

The making of a map plate is not at all comparable to the making of a book plate containing letter press and illustrations made by the halftone process. The plate cost of an ordinary book may be \$1,000 or \$2,000, which can readily be absorbed in an edition of 10,000 copies, which in an ordinary book is less than a year's sale; but the cost of making the map plates for an atlas, such as Goode's School Atlas, published by Rand, McNally & Co., containing 96 map pages, was \$94,391.15. As the sale of such an atlas is limited, this capital cost can not be absorbed in a year's sale but must be amortized over a period of years. The sale of maps is limited and the capital cost is never absorbed in a single printing but must be amortized over a period of years.

IT IS THE CREATIVE LABOR WHICH SHOULD BE PROTECTED

We make this statement for the purpose of pointing out to you that the labor which must be protected is the creative labor of maps and charts. Since the wages of European labor are less than 35 per cent of the wages of similar United

States labor, American publishers will send their specifications for maps to the European map makers and either import the drawings, which are the most costly part of the creation of a map, and then have the plates made here; or as they are now doing, have the maps made in Europe and import the maps. The following instances of importation of maps by American publishers we know of. How many more there were we are unable to say.

In 1928 D. Appleton & Co. of New York imported 15,000 sets of maps which they bound into a school atlas, sold by them in competition with Dr. Goode's School Atlas published by Rand McNally & Co., and wholly made in the United States.

Dennoyer Geppert Co. of Chicago imported maps for a book as evidenced by The United States Daily in its issue of May 16, 1929.

In the case of Appleton & Co., they printed the index pages to their foreign maps and bound the book in the United States. On the title-page they placed their copyright notice and below their copyright notice they printed the statement, "Printed and bound in the United States." Each of the 96 map pages, being nearly two-thirds of the total pages of the book, contained the notice "Printed in Great Britain by George Philip & Son Limited."

WHY AMERICAN PUBLISHERS IMPORT THEIR MAPS

The following table will show graphically why some American publishers are importing their maps. We are able to furnish this table because it happened that Rand McNally & Co. and D. Appleton & Co. each published an edition of 15,000 atlases. D. Appleton & Co. supplied the cost of their maps in a reply-brief filed by them with the Ways and Means Committee, page 7124, hearings Ways and Means Committee.

Cost per set of 96 map pages unbound made by Rand McNally & Co. on basis of 15,000 edition

Paper stock for maps only.....	\$1, 259. 49
Press work maps only (practically all labor).....	5, 661. 17
Composition (all labor). This charge is for lockup of plates for press which must be done every time they go to press.....	310. 33
15,000 books is about the annual sale. A charge of at least 10 per cent of the capital investment (all labor) is made against this number to cover interest and depreciation of capital investment which amounts annually to.....	9, 439. 11
Every printing requires correction and revision (all labor). This will amount to not less than.....	2, 500. 00
15,000.....	19, 170. 10
Actual cost to Rand McNally & Co. of 96 map pages f. o. b. its plant in Chicago, United States wage scales.....	1. 28
Appleton & Co. paid for 96 similar map pages f. o. b. London.....	. 6242
	<hr/>
Appleton & Co. paid for duty, freight, consular fees and handling charges, the sum of.....	. 6558
	<hr/>
D. Appleton & Co.'s net savings per set.....	. 4745

Rand McNally & Co. had no profit in the above \$1.28 while the British map maker had a substantial profit in his \$.6242 as shown by the following table:

BRITISH MAP MAKEKS PROFIT ON BASIS LONDON WAGE SCALES

On basis of difference in wage scales, Appleton maps can be sold at \$.6242 f. o. b. London at a profit. London wages for production of map plates are 35.8 per cent of Chicago wages. Thirty-five and eight-tenths per cent of \$94,391.15, Rand McNally & Co.'s creative cost, is \$33,792.03, which we estimate is the capital cost of Appleton maps.

Cost per set of 96 pages Appleton maps unbound on basis of a printing of a 15,000 edition

Paper stock for maps only estimated same as cost to Rand McNally & Co.....	\$1, 259. 49
Press work maps only (practically all labor) one-third Rand McNally cost.....	1, 887. 03
Lockup (all labor) for press one-third Rand McNally cost.....	103. 44
Ten per cent capital investment (all labor).....	3, 379. 20
Revision expense 35.8 per cent of Rand McNally & Co.'s cost (all labor).....	895. 00
	(15, 000) 7, 524. 16
Cost of Appleton maps per set on basis British wage scales.....	. 5016
Appleton paid per set.....	. 6242
British map makers' profit per set.....	. 1226

PRESENT DUTY OF 25 PER CENT NOT SUFFICIENT

The foregoing clearly demonstrates that the present 25 per cent duty does not begin to equalize the difference in wages between the United States and European countries and is not sufficient to protect American labor. Unless Congress increases the duty on maps and plates and places a duty on map drawings it will be only a short time before we will have no skilled map workers in this country, as all map publishers will do what some are now doing—either have their drawings or their maps made in Europe. Congress alone can save the map workers.

It is not necessary for American publishers to go to Europe to have their maps made. There are a number of map engravers in the United States who do not publish atlases or maps but make them for others. The maps for all the geographies and atlases heretofore published in the United States under United States copyright were made in the United States. If an American publisher deems it necessary to import his maps, then he should pay such tariff thereon as will protect the wages of American workmen.

IMPORTANCE OF MAP INDUSTRY

You may consider that the map industry is of small importance. We admit that in volume it is not a great industry. In all the world there is, comparatively speaking, only a small number of map publishers. From the point of view of national defense the map maker is a very important individual. We quote the following from Lieut. Col. William A. Tuff's statement to Ways and Means Committee, page 7120, hearings before the committee:

"I served with the Twenty-ninth Engineers, a technical regiment which had the responsibility for all the maps issued by the American Expeditionary Forces. We had the greatest difficulty in finding technical men, craftsmen, who could do the work of making maps, the cartography, lithographic work, and so forth that made it possible for us to furnish the maps necessary for our forces. In my service with the First Army from the day it went into organization until the armistice, from the 10th day of August until the 11th of November, we supplied to the forces of that army 1,100,000 maps from our regiment and they averaged three colors apiece. To do that was a tremendous undertaking and we had to scrutinize every organization we could reach in an effort to find the men who could actually do the work which was necessary."

The Ways and Means Committee in providing for the glass blower says, page 26, committee report:

"Rates have been increased upon bottles for containers of perfume and other toilet preparations to perpetuate an industry which is practically the only source of employment in the United States for the comparatively few highly skilled glass bottle blowers."

We believe that skilled map workers are more important to the defense of the country and that the map industry should be saved for the United States. Users of maps will go to the cheapest market and unless labor costs are equalized the industry is doomed. To save this industry we propose the following amendments to the tariff law:

In paragraph 341 of H. R. 2667 except map and chart plates therefrom. In paragraph 1410 in line 5 after the word "matter" insert the following, "except map and chart books or sheets;" in line 9 strike out the words "Maps and charts" and

after the semicolon following the words "ad valorem" insert the following: "Map and chart books or sheets, maps and charts 75 per cent ad valorem;"

To equalize the cost on plates and drawings add the following paragraph to schedule 15 sundries:

Plans, drawings, and plates for the reproduction of maps and charts 50 per cent of the creative cost of such plan, drawing, or plate based on American cost of similar plans, drawing, and plates.

Respectfully submitted.

Williams Engraving Co., A. W. Wilkens, secretary; Poates Corporation, G. Taylor, vice president; C. S. Hammond & Co., D. Hammond, vice president; General Drafting Co. (Inc.), Otto G. Lindberg, president; Redfield-Downey-Odell Co., Judd H. Riskind, treasurer; Rand McNally & Co., E. J. Pohlman, vice president; J. W. Clement Co., by M. J. Stanton, Buffalo, N. Y.; Poole Bros. (Inc.), by M. J. Sternton, Chicago.

REPLY BRIEF OF RAND McNALLY & Co., CHICAGO, ILL., FOR INCREASING DUTIES ON GEOGRAPHICAL MAPS

D. Appleton & Co.'s brief together with the evidence submitted by Rand McNally & Co. establishes the need for an increase in the duties on maps to equalize wages between the United States and Foreign countries.

The following facts are established:

Net cost of set of 96 Rand McNally maps f. o. b. Chicago, Ill.....	\$1. 28
Price paid by Appleton & Co. for set 96 similar maps f. o. b. London..	. 6242

Appleton's savings by using foreign labor.....	. 6558
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Per cent of duty necessary to equalize 105 per cent plus; present duty is 25 per cent.

To the COMMITTEE OF WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: The writer has just received a copy of volume 13, Papers and Books hearings before the Committee on Ways and Means, Tariff Readjustment 1929, on page 7123 of which appears the brief of Appleton & Co. The writer wishes to point out that when this brief is analyzed in connection with the evidence submitted by us it will support our request for an increase in tariff on maps.

We made no attack on Appleton & Co., we merely used their book to show that American publishers, because of the low tariff and the low wage scales prevailing in Europe, can and do import maps at such prices that they can and do sell the imported product under the cost of the product of the American publisher who has his maps made in the United States on basis United States wage scales. If the Appleton importation was to be an isolated instance it would cause us no concern, but we believe that unless Congress puts up the bars all other American publishers needing maps will do likewise. If relief is not afforded, Rand McNally & Co. as well as other map engravers will be obliged to dismantle their United States plants and have their maps made in Europe, thus throwing out of employment American cartographers, draftsmen, engravers, and other map-making craftsmen.

It was not necessary for Appleton & Co. to go to Europe to secure a map maker who was not a competitor. There are many map engravers in the United States who do not publish atlases who could have made the Appleton maps. The maps for all the geographies and atlases heretofore published in the United States were made in the United States.

If any American publisher desires to import his maps, then he should pay such tariff on same as will protect the wages of American workmen.

QUESTION AT ISSUE IS ONE OF PROTECTION

The question at issue is one of protection and not of profit. When we made application for increase in the tariff on maps we did not know what Appleton paid for their maps; now we know and therefore can give you the actual rate of duty necessary to put us on an equality with importers of foreign maps. This is arrived at through the following tabulation.

Comparative statement of wages of workmen in London and Chicago necessary to produce printed maps ready for binding in a book:

	London, average for week of 48 hours	Chicago, average for week of 48 hours
Cartographer.....	\$20.61	\$62.00
Map draftsman.....	20.61	48.00
Map engraver.....	24.25	50.00
Compositor.....	17.22	59.45
Electrotyper.....	20.77	69.82
Lithographic pressman.....	20.53	68.18
Camera man.....	27.28	81.61
Transferman.....	19.40	68.18
	8)170.67	8)507.54
Average wage of all employees necessary to produce the printed map..	21.33	63.43

This table shows that the average London wage is one-third of the average Chicago wage.

Comparative statement of wages of workmen necessary to produce the map plates only which may be considered the capital investment:

	London, average for week of 48 hours	Chicago, average for week of 48 hours
Cartographer.....	\$20.61	\$62.00
Map draftsman.....	20.61	48.00
Map engraver.....	24.25	50.00
Compositor.....	17.22	59.45
Electrotyper.....	20.77	69.82
	5)103.46	5)289.27
Average wage of all employees necessary to produce the plates.....	20.69	57.85

This table shows that the average London wage to produce the capital investment is 35.8 per cent of the average Chicago wage.

The following tabulation shows the cost of the 96 map pages in the Rand McNally Atlas which will compare with the 96 map pages imported by Appleton. In order to arrive at the true cost we must allocate to each set of maps a part of the creative or capital cost which, as shown on page 7113 of the hearings, is \$94,391.15. Appleton tries to gloss this over by the statement that we probably distribute this cost over other map products. Had they read our entire brief page 7112 of Hearings they would have seen this was not true. Each map work requires its own capital investment. The information required for the purpose of each work must be carefully selected and the drawing must be made on a scale and projection best adapted to accomplish the purpose. The maps for our atlas were made for school use and for no other purpose; therefore, Doctor Goode was careful to eliminate all information not suitable for this purpose. This required time, thought, and judgment, but the result was uncrowded legible maps highly suitable for school use. In the following comparison we are assuming that Appleton maps are a one-purpose map. If they are more than a one-purpose map, then the capital return shown in the following tabulation should be reduced and the profit of the British map maker increased.

Cost per set of 96 pages Rand McNally maps unbound on basis of a printing of a 15,000 edition

Paper stock for maps only.....	\$1, 259. 49
Press work maps only (practically all labor).....	5, 661. 17
Composition all labor. This charge is for lockup of plates for press which must be done every time we print the atlas.....	310. 33
15,000 books is about the annual sale. A charge of at least 10 per cent of the capital investment (all labor) should be made against this number to cover interest and depreciation of capital investment which amounts annually to.....	9, 439. 11
Every printing requires correction and revision (all labor). This will amount to the sum of.....	2, 500. 00
	<hr/>
	15, 000) \$19, 170. 10
	\$1. 28
Cost of Rand McNally maps 96 pages f. o. b. Chicago, United States wage scales.....	\$1. 28
Appleton paid in London for 96 pages maps, English wage scales.....	. 6242
	<hr/>
Difference in cost result lower English wage scales.....	. 6558
Duty per set necessary to equalize wages \$.6558 which is in excess of 100 per cent.	

BRITISH MAP MAKERS PROFIT ON BASIS ENGLISH WAGE SCALES

On basis of difference in wage scales, Appleton maps can be sold at \$0.6242 f. o. b. London at a profit. London wages for production of map plates is 35.8 per cent of Chicago wages. Thirty-five and eight tenths per cent of \$94,391.15, Rand McNally & Co.'s creative cost is \$33,792.03, which we estimate is the capital cost of Appleton maps.

Cost per set of 96 pages Appleton maps, unbound, on basis of a printing of a 15,000 edition

Paper stock for maps only estimated same as cost to Rand McNally & Company.....	\$1, 259. 49
Presswork, maps only (practically all labor), $\frac{1}{2}$ Rand McNally cost.....	1, 887. 03
Lockup (all labor) for press, $\frac{1}{2}$ Rand McNally cost.....	103. 44
Ten per cent capital investment (all labor).....	3, 379. 20
Revision expense 35.8 per cent of Rand McNally & Company's cost (all labor).....	895. 00
	<hr/>
	15, 000) 7, 524. 16
Cost of Appleton maps per set on basis British wage scales.....	. 5016
Appleton paid per set.....	. 6242
British map maker's profit per set.....	. 1226

Appleton say they could print the maps in the United States for 42 $\frac{1}{2}$ cents if somebody would furnish the plates and thus save 38 cents. We have shown that the cost to make the plates in the United States is \$94,391.15, all of which is paid for labor, and it is the wages of this labor which we wish to protect.

Rand McNally & Co. has the courage to pioneer in the making of an atlas for the American schools. It engaged the services of an eminent geographer and cartographer of the United States to prepare copy. It has employed other American cartographers to develop the copy, and American draftsmen to make the drawings. It has employed American workmen to make the plates and print the maps. It is an all-American product. It is a superior product. Illustrative of this superiority is the comparison of the map of the British Isles as demonstrated before your committee, as set forth on page 7122 of the hearings. It has created a demand for such an atlas in the schools by extensive advertising.

Rand McNally & Co.'s atlas was first published in 1923. The Appleton atlas was not published until 1928. It is an imitator and follower. It has 96 map pages, the same as the Rand McNally atlas. It has more index pages, because

the maps are overcrowded with indifferently selected information, thus saving the time and skill necessary to proper discrimination and elimination, at the expense of legibility (see comparison, map of British Isles submitted).

Again we say this is not just a question of one atlas; it applies to all maps of every kind and description. We use the Appleton atlas merely as a graphic illustration as to what all map, atlas, and geography publishers will do if Congress does not substantially increase the duty on maps. All we ask is that a duty be imposed which will equalize wages. We do not believe Congress wishes to lower school book costs by taking away the employment of American labor. If it does, it can still lower the expense of sending children to school by taking the tariff off of clothing, shoes, and all other articles used by school children.

President Hoover, in his message to the special session of Congress, says:

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

This letter, together with the evidence adduced at the hearings, clearly brings the United States map makers within the scope of the principle as above stated by President Hoover. At least 100 per cent tariff duty is necessary to equalize the difference in costs in making maps between here and Europe.

If this letter can be made part of the record, we will appreciate having it done.

Respectfully yours,

RAND McNALLY & Co.,
ANDREW McNALLY, *Secretary.*

STATEMENT OF ROBERT E. GOLDSBY, REPRESENTING D. APPLETON CO., NEW YORK CITY

Mr. GOLDSBY. May I have just a few minutes to speak on the matter of maps in behalf of D. Appleton & Co., and in this connection I want to make it clear that formerly I spoke for the National Association of Book Publishers, of which both Rand McNally & Co. and D. Appleton & Co. are members. The previous discussion was confined wholly to books, but my appearance here now is entirely separate and apart from my previous appearance for the association. My firm happens to represent D. Appleton & Co. also, and has for a number of years.

Senator DENEEN. Do you wish to answer Mr. Stanton?

Mr. GOLDSBY. Yes.

Senator DENEEN. How long would it take?

Mr. GOLDSBY. A very few minutes. In the first place, we did not know that Rand McNally & Co. would appear before the House committee, and I was confronted by a member of the committee over there with the query as to where the association stood, and, of course, I had to take the position that as a representative of the association in which both publishers were members, I could naturally take no stand on the question. Subsequently, however, our client, D. Appleton & Co., filed a brief in its own behalf.

Senator DENEEN. What do you dispute in the statement made by Mr. Stanton?

Mr. GOLDSBY. Let me ask for the inclusion of the D. Appleton & Co. brief filed with the House committee in this hearing. It appears at pages 7123 to 7125 of the House hearings, Volume XIII, Schedule 13, Papers and books.

Senator DENEEN. You may hand it to the stenographer and he will make it part of your remarks.

Mr. GOLDSBY. Yes.

(The brief referred to is as follows:)

BRIEF OF D. APPLETON & Co., NEW YORK CITY

HON. WILLIS C. HAWLEY,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: My attention has been drawn to the record of the appearance of the representative of Rand McNally & Co. at the hearing before your committee on the 13th instant, wherein an attack was made on D. Appleton & Co. in connection with our publication of an atlas containing maps produced abroad, and wherein Rand McNally & Co. requested an increase in the tariff rates on maps from the present duty of 25 per cent to 75 or 100 per cent. My attention has also been called to the queries put to the representative of the National Association of Book Publishers by members of the committee on the succeeding day with respect to this matter.

This company, recognizing the need among schools, colleges, and other institutions of learning for a modern atlas to be used in the classroom, and by students in the preparation of their lessons in geography, history, economics, and the related social sciences, engaged George Phillip, F. R. G. S., of George Phillip & Son (Ltd.), of London, who are recognized the world over as being the producers of probably the best maps in the world, to prepare the maps for such an atlas as we desired to produce. To prepare the text for this atlas we engaged the services of W. R. McConnell, Ph. D., professor of geography in Miami University of Oxford, Ohio.

It was not possible for us to obtain in this country the workmanship required, for the production of the maps of the quality which we desired to use in our atlas, because those concerns which would have been competent to do the work were themselves producing atlases which our book would have to compete with. The only satisfactory course open to us was to arrange for the maps to be made for us in England and shipped here to be inserted in the atlas which we manufactured in this country. Except for the set of maps, all parts of the atlas were prepared here. The text and indexes were set up here in type and plates made therefrom. Likewise, of course, the book was printed and bound here.

On each set of maps we were obliged to pay to the Government a duty of 25 per cent of the cost of the maps to us in England, and in addition to pay transportation and customhouse charges, which brought the total cost to us of each set up to 80½ cents. If we had produced our maps from plates in this country, we could have reproduced the maps for 42½ cents per set. Therefore, so far as the actual cost of striking off the maps is concerned, we have paid approximately 100 per cent more for the maps than we would have had to pay to reproduce them in this country. A portion of the difference of 38 cents between the above amounts is, of course, to be considered as an allocable part of the producer's creative cost of the maps. And yet with this charge against us we were able to place our book on the market at a price approximately one-half dollar less than Rand McNally & Co. charge for their atlas and still make the reasonable profit that a publisher of educational books is entitled to receive.

We are glad to give the committee the exact total cost of the maps going into our atlas and the manufacturing costs entering into the production of the book as a whole, in order that the committee may have before it this data for price comparison with the costs of the manufacture of the atlas produced by Rand McNally & Co.

The above-mentioned cost of each set of the maps used in our atlas is arrived at as follows:

Actual cost to us f. o. b. London.....	\$0. 6242
Duty.....	. 1596
Freight, consular fees, and handling charges.....	. 0217
Total.....	. 8055

On page 6191 of the unrevised committee print of the hearing before the committee on February 13, 1929, on Schedule 13, relating to papers and books,

the representative of Rand McNally & Co. gave the following table as representing the manufacturing cost of the first printing of 15,000 copies of the Rand McNally atlas:

	Labor	Material	Amount
Composition.....	\$310.33		\$310.33
Press.....	5,802.27	\$331.18	6,133.45
Bindery.....	4,124.49	2,437.61	6,562.10
Paper stock.....	99.41	1,893.46	1,992.87
			14,998.75
Less composition cost.....			310.33
Total.....			14,688.42

It will be noted that we have added a column to the Rand McNally table, showing the total for each item, and that in arriving at what we regard as a proper total we have eliminated the item of composition cost, which does not figure in the cost of the process of manufacture.

We give below the actual cost of manufacturing the same number of copies (to wit, 15,000). The items must of necessity be made up on a somewhat different basis than the Rand McNally table, but the elements included in the Rand McNally table are likewise covered by the following table, which also includes the additional costs which do not go into the Rand McNally Atlas:

Actual cost of manufacturing 15,000 copies of D. Appleton & Co.'s Modern School Atlas:	
Paper, front matter, and back matter.....	\$882
Presswork.....	470
Cost of maps f. o. b. London plus freight, duty, fees, and handling.....	12,084
Binding.....	4,875
Total.....	18,311

The actual manufacturing cost of the Rand McNally Atlas, according to the table submitted by them, as explained above, amounts to 98 cents, while the actual manufacturing cost per copy of the Appleton Atlas amounts to \$1.22. The representative of Rand McNally & Co. placed a great deal of emphasis upon the creative cost of preparing the maps included in the Rand McNally Atlas. Of course, this entire creative cost can not be fairly charged by them to the atlas alone inasmuch as the creative work of producing the maps in question has been utilized in the making of various other types of maps produced by Rand McNally & Co., such as wall maps, globes, and other atlases, etc. Similarly, the manufacturer of the maps used in the Appleton atlas has undoubtedly distributed his creative cost among various other maps produced by him. As pointed out above, D. Appleton & Co. pays 38 cents more per set of its maps than it would have to pay if the maps had been produced here. A part of this increased price represents a proportionate charge toward the manufacturer's creative cost.

With reference to the comparison made by the representative of Rand McNally & Co. as to the relative merits of the maps included in the two atlases, we would point out that the Rand McNally atlas contains 41 pages of references (points on the map) and it is estimated this is equivalent to 13,374 such references. The Appleton atlas contains 58 pages, and we estimate this is equivalent to 18,609 such references.

We believe that the present duty of 25 per cent on maps is ample protection to the American map makers and that the tariff should not be used to set up an absolute monopoly for the benefit of the three or four map-making concerns in this country, and thereby prevent a healthful competition among American publishers. It would seem to us that the Congress should favor rather than discourage attempts on the part of American publishers to lower the cost of school-books in so far as possible. As we see it, the question resolves itself into one of profit rather than protection.

We would respectfully request that this letter be made a part of the record of the committee hearings on this subject and, if possible, that it be inserted in the printed hearings immediately following the testimony of the representative of Rand McNally & Co.

Respectfully yours,

D. APPLETON & Co.,
J. W. HILTMAN, President.

Senator DENEEN. Proceed.

Mr. GOLDSBY. I will point out that we simply laid the cards on the table so far as the cost of the maps to D. Appleton was concerned, and we based our figures on the table which Rand McNally had previously submitted to the Ways and Means Committee. In that table they showed the manufacturing costs of their 15,000 copies of the Rand McNally atlas, a total of \$14,998.75. Appleton, in its brief, showed that the manufacturing costs of its atlas for the same number of copies was \$18,311.

Our point primarily is that it is not fair for Rand McNally to take the whole creative cost of these maps for the purpose of making this comparison, because, of course, the English publisher has to bear his creative cost also. The price paid by Appleton for maps laid down in New York amounted to 80½ cents, and Appleton estimates that if we could have had those maps struck off in this country, this could have been done for 42½ cents; that is, the mere reproduction of these maps, and the 38 cents difference represents in part the English manufacturing creative cost, so, of course, we were also paying that.

Appleton, I may say, knowing the \$4 price of this Rand McNally atlas, thought that a good school atlas could be produced and sold to the public at a substantial figure under that, and it was, therefore, with a view also to putting out a school atlas at a very reasonable cost, that they undertook this work and they feel that a duty of 25 per cent on maps is ample and should be retained in the present law.

Senator DENEEN. Could you have had your work done in the United States for \$18,311, cheaper than in England, would you spend that much more for the same atlas?

Mr. GOLDSBY. Are you referring to the difference between the \$18,000 and the \$14,000 figures?

Senator DENEEN. You said it cost \$18,311 for Appleton and it cost Rand McNally, \$14,998.75.

Mr. GOLDSBY. We were simply taking their figures. Of course, Appleton could not very well go to Rand McNally or to the one or two other concerns in this country capable of producing good maps and ask them to produce a set of maps, in view of their production of their own atlases, and if Appleton attempted to get maps from them, Appleton would have to meet that equation, which would be a pretty difficult one to meet. There has to be some basis, some ground, for competition. So, in order to produce the type of book that Appleton wanted to produce, Appleton called upon George Philip & Son (Ltd.), of London, known and recognized the world over for the quality of their maps to make the necessary maps for their atlas.

We feel that the primary thing is to keep down the cost of books to the public as low as reasonably possible, and for that reason we hope that there will be no increase in the tariff on maps.

(Mr. Goldsby submitted the following supplemental brief:)

SUPPLEMENTAL BRIEF OF D. APPLETON & Co.

To the Committee on Finance, United States Senate, Washington, D. C.

Rand McNally & Co. of Chicago, Ill., appearing through its attorney, Mr. M. J. Stanton, at the hearing before the subcommittee on papers and books of your committee on June 14, 1929, requested an increase in the rate of duty on maps and suggested changes in the tariff schedules designed to effect the exclusion

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.....	34.00	24.35
Litho pressmen.....	27- 34.00	\$21.58-23.19
Litho transfer men.....	25- 26.25	19.40
Camera men.....	28.75	20.16-33.93

"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.....	1,006,283	\$179,280.00	\$111,771.65
1925.....	1,116,263	526,505.00	114,182.81
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	5.76	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,
274 Madison Avenue, New York City.

JOSEPH A. MICHEL,
38 Park Row, New York City,
Attorneys for Petitioners.

SUPPLEMENT

STATEMENT

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 65 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 workingmen, 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 1/16 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 & 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

and 5,000. The average selling price of transparencies imported from Ireland by us under the various general classification of styles are as follows:

Type	Size	Quantity	Price per thousand
	<i>Sq. in.</i>		
Three color.....	50	1,000	\$188.57
Do.....	50	5,000	70.57
Do.....	50	10,000	54.14
Five color.....	50	1,000	272.85
Do.....	50	5,000	99.76
Do.....	50	10,000	70.57
Nine color.....	50	1,000	514.02
Do.....	50	5,000	167.29
Do.....	50	10,000	108.88

We are convinced that the example given of the sale by a domestic manufacturer at a price of \$60 and \$62.50 per thousand would correspond with a product imported from Ireland which would be sold by us at a price of approximately \$100. In other words, it can be safely assumed that the illustration given in the testimony before the House Ways and Means Committee by the proponents of the rate increase is that of an extreme example to show an imported product underselling the domestic product. As a matter of fact, the balance is the other way and the domestic manufacturer as a general rule undersells the Irish and Belgian transparency importer by a substantial difference.

Advantages of domestic manufacturers.—The American manufacturer of transparencies (in the United States termed "process work") has several advantages which favor him to-day, and make it possible to invariably sell his product at a much lower price than the Irish and Belgian transparency. As a matter of fact, competitive American prices are so flexible that they may be lowered to as much as 100 per cent under the selling price of the Irish and Belgian product. Diversity of manufacture in domestic plants accounts for part of this price flexibility. Modern machinery and mass production, too, enables them to dominate the field.

For a description of the processes used by domestic lithographers as compared with the processes used by Irish and Belgian manufacturers, we quote from Mr. Saunders' testimony before the House Ways and Means Committee on the subject of lithographic prints (p. 6976):

"Mr. TREADWAY. What is this offset machine?"

"Mr. SAUNDERS. The offset machine, Mr. Treadway, is a machine that prints from a rubber blanket. The old system of printing was on a flat bed press, in which the stone was on the bed of a press. The design of this character was on that stone. The paper went around the cylinder, came in contact with the stone, and the color was taken off the stone. On the offset presses the color is transferred from a plate to a rubber blanket, and the ink is taken off the rubber blanket to this paper. It permits of a very much faster operation, multiplying many times the production per machine."

From the above quotation, it will be noted that the domestic manufacturer does not use the slower but finer stone process, but uses a process, which as the witness states, "permits of a very much faster operation, multiplying many times the production per machine." Further, with respect to the advantages of the domestic manufacturer, Mr. Saunders states in response to the question by Mr. Hull (p. 6977) as follows:

"Mr. HULL. You have the same facilities, so far as machinery and equipment are concerned, that they have abroad?"

"Mr. SAUNDERS. Yes. In some respects we have better."

Delivery is another very valuable point in the American manufacturer's favor, which is almost as important as price. The manufacturer here is able to produce his material and ship it to his customer in from three to five weeks, while the very best delivery we are able to make from Ireland is from six weeks to ninety days and sometimes as long as four months. As many domestic buyers purchase "hand to mouth" this furnishes an additional material advantage to the American manufacturer.

Labor costs affecting competition.—Labor costs in Ireland and Belgium are slightly lower than in the United States, but to produce transparencies of superior quality it is necessary that more money in wages be expended, longer time being necessary for manufacture, with the result that to a large extent any decreased

cost of foreign labor is offset in the ultimate cost of the finished product by the greater number of working hours necessary to produce the finer results. The transparencies made in Ireland and Belgium are produced by a tedious process requiring careful artistic work. In manufacturing our transparencies, skill and artistry are required which can only be acquired after many years of apprenticeship. Materials used for the imported product being of finer quality, cost the manufacturer more than the domestic product. These transparencies are manufactured on stone and lithograph presses which are very much slower and more expensive to operate than the presses used by the American manufacturers which enables them to turn out large quantities in a short period of time.

It is well known that modern domestic production methods with the use of advanced types of machinery in the transparency as well as other branches of the lithographic field make it possible to produce many articles with a minimum labor cost. This fact is brought out distinctly in the testimony of Mr. Saunders, representing the Lithographers' National Association on pages 6975, 6976 of the hearings before the House committee.

American labor used in making and selling transparencies imported from Ireland by the United Service Co.—The use of American labor forms a very important part in the manufacture of transparencies made for and sold by the United Service Co. When orders for these products are taken in the United States, the purchaser expresses his wishes for designs. These designs are created and produced in the United States by American artists; then submitted to the client for his approval when they are sent to the factory in Ireland to be copied and printed. The creation of this art work is one of the most important steps in the development of our business to the high standard it has reached, for only by the use of the finest artists and most beautiful designs have we been able to elevate our transparency business from one of mere commercial printing to one of artistry requiring careful attention to detail in the reproduction of designs. The United Service Co. has been established for 15 years and it has been the consistent policy to maintain a high standard rather than sell transparencies on a mere price basis.

To work under a system where art work would be done in Europe and where the American customer would need to approve designs, would be impracticable because of long transit delays between the United States and Europe. American labor is also used entirely by us for selling the Irish product in this country. We estimate that over 60 per cent of the selling price of our imported product represents money spent for American labor, including art work, duty, transportation in this country, salesmen's commissions and salaries. This estimate of 60 per cent does not include office overhead.

II. IS THE COMPETITION FROM FOREIGN PRODUCTS, IF ANY, OF A SUBSTANTIAL NATURE?

In general.—The sale of Irish transparencies is constantly decreasing and this year points to further decreases.

Shortly after the war, there were about 45 importers in the United States. To-day four firms do 90 per cent of the business. Only the importer of high-grade transparencies has survived.

At the present time transparencies are not separately classified. They come under paragraph 1306 of the 1922 tariff act under the carry-all classification "Other lithographically printed matter," and under the subclassification "Printed matter not exceeding 0.008 inch in thickness."

In the Summary of Tariff Information, published by the Tariff Commission in 1929, on page 1842, there is shown the total imports for 1927 of "Printed matter not exceeding 0.008 inch in thickness" at a valuation of \$139,005. The domestic production of this material for 1927 is not shown.

Comparison of transparencies imported and domestically manufactured.—Authentic data as to the total importations or total domestically manufactured transparencies is not available for any of the years subsequent to 1925. For the years 1919 to 1925 certain data is available in the Summary of Tariff Information, 1929, published by the Tariff Commission. We have prepared a chart from this published data which will show the total imports of lithographic material as compared with the similar product domestically produced. There is no separate data for transparencies but we believe the data with respect to lithographic material will demonstrate the fact that importations of transparencies during the years indicated were negligible. Chart A follows:

Total importation of transparencies for 1927 less than \$140,000.—The following data taken from the Summary of Tariff Information shows for the year 1927 in

pounds and valuation the total imports of "other lithographically printed matter" and total imports of "Above matter not exceeding 0.008 inch in thickness," which latter subclassification includes transparencies.

Year	Description	Pounds	Value
1927	Total imports of other lithographically printed matter.....	1,343,130	\$721,958
1927	Total imports in above matter not exceeding 0.008 inch in thickness.....	146,329	139,005

Exports exceed imports for a 6-year period, 1923-1928.—We have been able to compute data from the Tariff Commission reports showing the relative value of imports and exports of lithographically printed material (including transparencies) for the years 1923 to 1928, inclusive, which is clearly set forth in the following chart.

Meager data submitted by proponents of rate increase for transparencies.—In the testimony of proponents of the rate increase there have been included some general and vague statements as to the size and extent of the alleged competition, but there is an utter absence of authentic data to guide your committee in its findings.

As an illustration of the nature of the evidence submitted to your committee, on the strength of which you are asked to provide for a prohibitive increase in rates, the following excerpt is taken from the brief of the Lithographers National Association, submitted to the House Ways and Means Committee (p. 6981, Hearings before House Ways and Means Committee, Volume XIII, Paper and Books):

"There comes from abroad, particularly from Ireland, Belgium, and Germany, large quantities of lithograph specialty known to the trade as 'transparencies' (p. 6981, Vol. XIII, Hearings before the House Ways and Means Committee)."

There are no supporting data to show what is meant by "large quantities". It is not shown whether 1,000 transparencies or 1,000,000 transparencies were imported, nor are the quantities of domestically manufactured transparencies indicated. It is believed that your committee desires reliable data as to the extent of any alleged competition. The data compiled by the Tariff Commission for the year 1927 shows that transparencies of a valuation less than \$140,000 were imported in 1927. If this figure has been increased for 1928 no authentic data has been submitted to show such increase.

Comparatively few transparencies, imported.—Mr. Susskind, of the Import Sign Co., in testifying before the Senate subcommittee on June 14 stated that "only 5 per cent of transparencies were imported against those manufactured here."

Mr. Susskind's estimate is, in our opinion, correct. Applying this estimate to the Tariff Commission's data for 1927, as compared with an importation of \$140,000 of transparencies the domestically manufactured transparencies would be \$2,800,000. With such a comparison, it does not appear there is any substantial competition which could seriously affect the United States manufacturer.

Claimed decline in domestic transparency business not sustained.—To further impress the House committee that competition exists, the following statement was made in the brief filed by proponents of the change:

"The business of the United States manufacturer has declined though there is an increasing quantity of transparencies being purchased for advertising purposes." (P. 6981, Vol. XIII, hearings before Ways and Means Committee.)

The above statement is vague and general. No data have been submitted from which it can be determined whether there has been an actual and material decline in the business of the United States manufacturers of transparencies; whether this decline has continued for any appreciable length of time; whether such decline, if any, may not be attributable to causes other than the alleged competition from foreign producers, such as competition from domestic decalomania manufacturers who import their papers duty free; whether the alleged competition was not due to some isolated case of a foreign manufacturer of low-grade transparencies, or whether it was due to competition from foreign importations generally. The statements made are so general it is believed that your committee can not in fairness to all parties involved, give them weight without further accurate supporting data such as is obtainable by a careful survey of the business and study and analyses of the figures by the Tariff Commission.

Further vague and conflicting statements advanced for rate increase.—A further illustration of the vague and general statements made by proponents of the in-

crease in rates on transparencies is found in the following abstract from the testimony of Maurice Saunders, of the Lithographers' National Association, before the Senate Finance Committee:

"* * * At 25 cents a pound there was no protection whatever to American manufacturers who had specialized in following up this business. These goods are made in four or five factories in this country. They are made principally in Ireland, Belgium, and a few in France and Germany on the other side. As to the importations on quantity I can not state the amount because there has been no way of separating these in the customs accounts, without being thrown in with everything that goes into that schedule. We do not know whether this business amounts to a million or a million-and-a-half to two million dollars. We do know that our business in this country has been declining steadily. We do know that the foreign seller of this material sells at from 65 to 75 per cent of our prices."

Let us analyze the above statements made to your committee to influence its action on the proposed rate increase.

In the first place, it should be noted the statement is made that the foreign product is imported principally from Ireland and Belgium, and a few made in France and Germany. It is understood that the instances of alleged competition referred to by proponent are those of German manufacture, where the witness states a few are made.

The witness admits that data in quantities of imports are not obtainable, and yet the statements are boldly made to your committee that "there comes from abroad, particularly from Ireland, Belgium, and Germany, large quantities of a lithographic specialty known to the trade as 'transparencies.'"

The following statement—"We do not know whether this business amounts to a million or a million-and-a-half to two million dollars"—is extremely vague, and leaves the hearer or reader to guess whether the witness referred to the total business, foreign and domestic, the total importations, or the total of the domestically manufactured product. If no accurate information as to the imports is available, as the witness admits, the presumption is that the witness' statements as to quantities are purely hearsay.

The witness states: "We do know that our business in this country has been declining steadily."

On examination of the material submitted before the House and Senate committees does not disclose any authentic statistics to support the above positive statement that the American business has declined steadily as alleged. We seriously doubt the fact stated and suggest that if there has been an actual decline in business such decline may have been due to causes other than foreign competition.

III. ARE THE PRESENT RATES SUFFICIENTLY HIGH TO GIVE ADEQUATE PROTECTION?

Proposed rate excessive and prohibitive.—The Irish and Belgium manufacturers of transparencies at present are beset by numerous obstacles. Exports are decreasing and have been since 1925. There is an increasing cost in lithographer's stone, due to a scarcity of this material. Equipment costs are constantly mounting, and only specially designed machinery can be used in this industry. The scale of wages for labor in this field has always been the very highest, with a tendency to further increase. The proposed increased tariff on transparencies would completely obliterate every importer of Irish and Belgian transparencies.

Examples showing effect of proposed rate increase.—It is proposed to increase the rate on lithographic material not exceeding 0.008 inch from 25 cents to 30 cents a pound, the rate having been previously increased from 15 cents to 25 cents a pound in the 1922 tariff act.

It is further proposed to establish transparencies as a separate classification and increase the rate on that product from 25 cents a pound to 40 per cent ad valorem for not more than five colors and 50 per cent ad valorem for over five colors.

The following examples show the effect on a typical order of this prohibitive rate increase:

5,500 transparencies, 5-color, weight 43 pounds

Classification:

Present—Par. 1306; lithographically printed matter not exceeding 0.008 inch in thickness.

Proposed—Par. 1406; transparencies. (Separate classification.)

Rates:

Present—25 cents per pound.

Proposed—40 per cent ad valorem.

Duty:

Present—43 pounds, at 25 cents per pound=\$10.75.

Proposed—40 per cent on a valuation of \$266.30=\$106.50.

Rate of increase, over 1,000 per cent.

Order 5,500 transparencies over 5-color, weight 43 pounds

Classification:

Present—Par. 1306; lithographically printed matter not exceeding 0.008 inch in thickness.

Proposed—Par. 1406; transparencies. (Separate classification.)

Rates:

Present—35 cents a pound.

Proposed—50 per cent ad valorem.

Duty:

Present—43 pounds, at 35 cents per pound=\$14.25.

Proposed—50 per cent on a valuation of \$378.37=\$189.18.

Rate of increase, over 1,200 per cent.

SUMMARY

We desire to emphasize the following material facts developed in the testimony and briefs submitted, so far as they relate to the proposed rate increase and separate classification for Irish and Belgian transparencies:

1. Proponents of the rate increase have not proved by convincing evidence that actual and substantial competition exists between the domestic manufacturer and the importer of Irish and Belgian transparencies.

(a) The Belgian and Irish product differs materially in quality, both artistically and in lasting qualities, from the domestic product. It also differs materially from the cheap German product.

(b) The general and typical condition in the transparency industry is that the Irish and Belgian product is sold for a higher price, because of its higher artistic and lasting qualities, to American manufacturers who demand and can not obtain as high a quality in this country.

(c) Real competition to domestic transparency manufacturers comes from domestic decalcomania manufacturers, who produce a cheap substitute material for window-advertising purposes. Such domestic competition is undoubtedly more responsible for the alleged decline in domestic business than are the few imported products selling in large part for higher prices.

(d) Proponents of the higher rate for transparencies admit that only a few transparencies are imported from Ireland and Belgium.

(e) Authentic statistics in this brief show that importations of transparencies compared with exports and domestic production of lithographic material are practically negligible.

(f) Proponents of the rate increase admit many advantages of domestic transparency manufacturers which offset to a large degree any possible danger from foreign competition. Some of these advantages are diversity of manufacture, mass production, modern machinery and methods, highly organized factory and selling departments, quick delivery (a vital factor).

(g) The typical order imported from Ireland is in quantities of 1,000, 5,000, and 10,000. Orders for over 10,000 are rare. For the average quantity order we have submitted our prices which show material increases over the prices of domestic manufacturers referred to in the testimony and briefs submitted by proponents of the rate increase.

(h) The alleged advantage of the foreign producer of transparencies of cheap labor does not apply to the Belgian and Irish manufacturers, since the wages of lithographers and assistants in those countries are much higher than in Germany, and any difference between wages in the United States and those in Belgium and Ireland is more than offset by the greater number of working hours necessary to produce the superior foreign product.

2. That the competition from imported products, if any, is not substantial is shown by the following facts.

(a) Domestic production of lithographic material for the years 1919, 1921, 1923, and 1925 exceeds greatly the imports of similar material for the same years. If similar data were obtainable for later years we believe it would show the same if not a greater difference.

(b) The imports of lithographic material over the years 1923 to 1928, inclusive, have increased but gradually whereas in the same period the exports of domestically manufactured lithographic material have virtually doubled.

(c) The only data available showing the extent of imports of transparencies separately is for the year 1927. For that year the total valuation of imported "Lithographic material not exceeding eight-one thousandths inch in thickness," including transparencies is \$139,005. We corroborate the statement of Mr. Susskind, of the Import Sign Co., New York, before the Senate Committee that the total importations of all foreign transparencies for 1927 or 1928 do not exceed 5 per cent of the total annual transparency business in the United States, which is approximately \$2,800,000.

3. The proposed increase in rates and separate classification for transparencies is unreasonable, and not justified by facts submitted.

(a) The proposed increase in rates on general lithographic material is from 25 cents a pound to 30 cents a pound, an increase of 5 cents a pound, whereas the proposed increase on transparencies (establishing a separate unfair classification) is from 25 cents a pound to 40 to 50 per cent ad valorem, resulting in an actual increase of over 1,000 per cent. We have shown the effect of the proposed increase in the table on page 18 of this brief.

(b) The meager facts submitted do not justify a discrimination being made between the transparencies in favor of other lithographic material of less than eight one-thousandths inch in thickness.

(c) We are certain that your committee desires to do equity in these tariff matters, and before recommending such radical changes in the present rates will insist that the proponents of any increase, upon whom the burden of proof should rest, submit unquestionable facts and compelling reasons to warrant any change. Your approval of the increase as proposed will probably benefit the domestic manufacturers of transparencies by assisting them in establishing a monopoly of the business, and compelling the American manufacturer to accept an inferior product. The proposed increase will completely eliminate all importers of Irish and Belgian transparencies who in late years have not in reality competed with the strong American manufacturers, but have attempted to bring into this country only the finest of transparencies which could not be produced here. Furthermore, the proposed rate increase will deprive of profitable employment those American citizens who are engaged in the production of the art work necessary for the imported transparencies and others engaged in the distribution and selling of the high class foreign product.

Respectfully submitted.

UNITED SERVICE CO. OF LOS ANGELES, CALIF.,
By GORDON SIMPSON, *Member of Firm.*

UNITED STATES OF AMERICA,
District of Columbia, ss:

Gordon Simpson, being duly sworn according to law, deposes and says that the facts stated in the above brief are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 5th day of July, 1929.

[SEAL.]

H. KENNEDY McCOOK,
Notary Public.

My commission expires February 23, 1933.

CERAMIC DECALCOMANIAS

[Par. 1406]

SUPPLEMENTAL BRIEF OF THE DECAL PRODUCTS CO., EAST LIVERPOOL, OHIO

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

This brief is supplemental to one filed by us in support of our request for the retention of existing rates of duty on ceramic decalcomanias and in opposition to the demands of the spokesmen of the American lithographic and decalcomania industry that the rates as fixed in the House bill be increased to the level demanded by them at the hearings before the House Committee on Ways and Means and your honorable committee, and to correct misleading and incorrect statements made by the said representatives so that the proper conclusions from the actual facts may be drawn by your honorable committee.

The outstanding fact of the discussion is undeniably that the American interests have at no time asserted or even intimated that the imports of ceramic decalcomanias from Germany have influenced the domestic manufacturers' market in the sense that they have caused a decrease in their business and that their plants are idle. When they admit on page 6967 (H. R. 1929) that they participate to the extent of 40 per cent of the total home consumption, amounting to approximately \$2,000,000, it means simultaneously an admittance of a considerable increase in volume of their share of the total business done in the United States.

It is quite apparent that the domestic manufacturers are complaining only by reason of the fact that they have been less successful in the domination of the ceramic decalcomania market than in that of cold decalcomania, which they control to the extent of 99 per cent of the total domestic business. However, if the total imports of both ceramic and cold decalcomania, amounting to \$512,737 for the year 1927, are compared with the total home consumption of decalcomanias generally admitted to be \$9,000,000-\$10,000,000, the ratio between the two is found to be 1 to 20. It is submitted that such facts speak for themselves and that the sole explanation for the request for the prohibitive rates as proposed by the domestic manufacturers can only be found in their desire to create an absolute monopoly by eliminating all foreign competition.

Mr. George Meyercord, the spokesman for the American decalcomania manufacturers, states (H. R. 1929, p. 6967), that the solution of their problem to overcome foreign competition was solely a question of being able to pay creative artists high wages and naming figures from \$150 to \$200 per week.

It is submitted that it would be against all sense of fairness and equity if the American potters should be asked to pay on their necessary imports of decalcomanias an increased duty amounting to a difference between the foreign and domestic cost of manufacture of an average of 12½ cents per sheet, as alleged by the American manufacturers, page 6971, to more than \$300,000 per annum. This additional cost, when unloaded in turn, upon the public would be increased several hundred per cent, and all merely for the purpose of providing creative artists to the domestic manufacturers, when generally no firm would employ more than one or two creative artists expert in the creation of ceramic decalcomania designs, paying them a salary of \$8,000-\$10,000 per annum. On the other hand, it would seem that a business amounting to close to \$10,000,000 per annum, concentrated in a few hands, could well afford to employ artists of talent and pay them a generous wage without invoking any protection of the people of the United States, by the imposition of increased rate of duty. The absurdity of such statements is evident on the face thereof, but it is further evidenced by the fact that there are only three manufacturers of ceramic decalcomanias in any considerable quantity in the United States, to wit:

R. Gaertner (Inc.), 200 Fifth Avenue, New York.

Palm Fechteler & Co., Weehawken, N. J.

Palm Bros. Decal Co., Norwood, Ohio.

It is of great significance that only one of these three companies, and what is considered the smallest of them, confines itself exclusively to the making of ceramic decalcomanias, whereas the other two employ their enormous production capacity in the manufacturing of cold decalcomanias. All of these firms started as importing firms and have continued to import a large percentage of what they sell. Consequently they are in a position to know the inside facts regarding both

phases of the business. However, they did not testify themselves, possibly for fear of antagonizing their customers who must bear the burden of a tariff increase.

To testify before your honorable committee there was delegated Mr. Philip Bock, of a labor organization known as the Amalgamated Lithographers of America, and Mr. Maurice Saunders, of the National Lithographers Association. Neither of these gentlemen is or, to our knowledge, has been engaged in the manufacture of ceramic decalcomanias, which is a highly specialized art differing radically from all other forms of lithography and representing less than 1 per cent of the domestic lithographic business, whose total value of products in 1927, according to the Census of Manufacturers for said year, amounted to \$97,050,124, without the values of the lithographing done outside of the industry being available. The latter amounted in 1925 to \$14,693,256, so that if about an equal amount be allowed for 1927, the total value of products of the industry for 1927 amounted to approximately \$112,000,000. Mr. Meyercoord "calculating as closely as possible" (H. R. 1929, p. 6971) estimates American ceramic production as at \$600,000 in 1927.

Being concerned with an industry involving \$112,000,000 annually, it is quite conceivable that Messrs. Bock and Saunders might not personally be familiar with the small branch known as ceramic decalcomanias doing approximately one-half per cent of the total, and relied on partial truths and exceptional cases furnished by others for their testimony. On no other basis can we account for their testimony before your honorable committee.

At the hearings before your honorable committee the undersigned stated that good lithographers, beyond those already employed for ceramic decalcomanias, were practically unobtainable in this country. This statement was based on experience and a knowledge of the trade. It is believed that if your honorable committee will inquire of the three firms above mentioned regarding our assertion, that they would be obliged to corroborate it. There may be 500 unemployed lithographers, as Mr. Bock stated, but these are not in the ceramic branch. They are from the photoengraving plants and other plants which have supplanted hand labor by the invention of photographic machinery which does their work automatically. These men are not capable of doing ceramic lithography efficiently, and Mr. Bock can not truthfully say they are. We have tried to get lithographic work for ceramics done in this country on several occasions and have always met with disappointment because of inability to get the right kind of workmen whose product would be equal to German work in quality.

In their testimony before the two committees, both Mr. Meyercoord and Mr. Saunders tried to leave the impression that American decalcomania sheets cost 19 cents per sheet more to produce than the average cost of German sheets, 17.03 cents (H. R. 1929, p. 6961). Such, however, is not the case. As Appendix A, there are attached to this brief special ceramic decalcomania sheets manufactured in the United States, with corresponding prices marked thereon and which show that they are offered by the American manufacturers in the American market as low as 22 cents a sheet.

In arriving at a cost of 36 cents a sheet the spokesmen for the lithographic industry have taken an extreme case of a border pattern involving a lithography cost of about 10 cents a sheet on the first edition of 2,000 sheets. It can be readily seen that even if the first 2,000 sheets would cost 36 cents a sheet, the second edition would cost only 26 cents a sheet, because no new lithography would be required to print the additional sheets.

As long as Mr. Saunders uses the average German price for purposes of comparison he should use the average American cost. This cost can easily be computed by the domestic manufacturers, and it is so far below 36 cents a sheet that we are sure they would not use it as an argument for an advance in duty. The fact is that American decalcomania sheets on the average are sold cheaper than the imported sheets although in larger unit quantities. We assert without fear of contradiction that the average run of a single decoration in both the factories of said R. Gaertner (Inc.) and said Palm Fechteler & Co. is at least 5,000 sheets and that the average selling price to-day is close to 26 cents a sheet. The average German edition is about 2,500 sheets and sells in America to-day at an average price of 32 cents a sheet. To-day the importations are limited to small editions not exceeding 2,500 sheets. The Germans can not successfully compete against the large runs of 5,000, 10,000, and 20,000 sheets printed in America, as is practically admitted by the American manufacturers.

Inasmuch as there is a marked increase in the number of large editions used and business in the pottery field is concentrating in the hands of the large users, the advantage of the American decalcomania manufacturer is increasing steadily

in this respect, and it is only a question of time and of obtaining the necessary skilled labor when the ceramic decalcomania manufacturers will win practically all the business as they have done in the cold decalcomania field without any increase in duty.

It is submitted to your honorable committee that when the tariff bill was introduced in the House of Representatives by the Ways and Means Committee the rates on ceramic decalcomanias remained unchanged for the class weighing less than 100 pounds per 1,000 sheets, generally called stripped decalcomania, and was fixed at 50 cents per pound and 15 per cent ad valorem for the unstripped, or weighing over 100 pounds per 1,000 sheets, having been raised from the present rate of 22 cents per pound and 15 per cent ad valorem. A reconsideration of said increase by the Ways and Means Committee, which we believe was solely in the interest of the American pottery industry, led to a reduction of the proposed rate from 50 cents per pound and 15 per cent ad valorem to 35 cents per pound and 15 per cent ad valorem, as it now appears in the House bill (H. R. 2667).

Mr. Saunders attempted to explain this reduction by stating that it was had because the rate on the stripped ceramic decalcomanias was simultaneously fixed at \$1.40 per pound and 15 per cent ad valorem. The absurdity of this statement is quite evident as the said rate must have been fixed after due consideration by the House committee, and if the proposed relation between the two rates is now as 1 to 4, the House committee would certainly not have been prevented from retaining the rate of 50 cents per pound plus 15 per cent ad valorem on the unstripped ceramic decalcomanias and making a rate on the stripped ceramic decalcomanias \$2 per pound and 15 per cent ad valorem. The ratio between the two rates would have remained the same as it would have if any other figure had been chosen.

Further, Mr. Saunders testified before your honorable committee that the proposed increased rate of duty has presumably the consent of the American pottery industry. We do not know whether Mr. Saunders was authorized to speak for said industry, but it is hard to believe that any industry should gladly consent to have an essential raw material, constituting approximately 5 per cent of its cost of manufacturing, pay an increased rate of duty amounting to an increase in the cost of said raw material of about 12½ cents a sheet and offsetting to a large extent the increased rate of duty of 10 cents per dozen pieces, granted to the pottery industry under Schedule 3, paragraphs 211 and 212, H. R. 2667, merely for the purpose of supplying indirectly to the American decalcomania manufacturers a means of employing a few artists at a salary of \$150 to \$200 per week. It is further submitted as a generally accepted truth borne by common experience that an industry is not made to order by merely paying a certain price to creative artists but that there is such a thing as the artistic genius of a whole industry, of which the artist merely forms an integral part.

At the hearings before the House committee Mr. Meyercord asserted that 70 to 75 per cent of the American cost represents labor. We respectfully refer your honorable committee to the hearings on the tariff act of 1922 (H. R. 7456), page 3936, brief submitted by Philip Bock, as international president of the Amalgamated Lithographers of America, in which he states—and it must be assumed that he spoke with authority—"it is an admitted fact that in the unit American value costing \$1 to manufacture lithographs there is 45 per cent of the cost paid to labor." It is submitted that the differences in the cost of labor in this industry in the United States between 1922 and 1929 has not risen 60 per cent, and that Mr. Meyercord's statement merely represents an imaginary figure.

It would be well for your honorable committee to bear in mind when considering the value of the testimony that there has been a disposition on the part of the representatives of the domestic industry to confuse the minds of the committee regarding the essential character of decalcomanias and place them in one class with other lithographic merchandise. Your honorable committee should not be misled by such statement, for the reason that decalcomanias stand in a class by themselves apart from any other lithographic goods, and any information as to cost of production, domestic consumption, value, or importations of lithographic goods in general should be considered apart from that regarding decalcomanias.

As an instance may be cited that the German wage schedule, submitted with our brief at the hearings on June 14 last, referred exclusively to the German decalcomania industry, whereas it is quite apparent that the German wage schedule furnished by Mr. Saunders deals with the entire German lithographic industry.

SUMMARY

We respectfully submit that the domestic decalcomanias industry has entirely failed to support its claim for an increase of the present tariff rates in the absence of any authentic information which should have been freely furnished to your honorable committee by it, regarding such important points as—

1. Yearly statistics of the total domestic production since 1914.
2. Average number of sheets per run and average number of sheets printed of each single pattern in consecutive runs in 1928.
3. Average selling price per sheet in 1928.
4. Average number of ceramic lithographers, provers, and transferrers employed and unemployed during 1928.
5. What percentage of their production capacity has been employed in 1928, i. e., whether or not they have operated continuously or have had to shut down at any time.
6. Verification of Mr. Meyercord's statement that 70 to 75 per cent of the American cost is labor.

In conclusion we respectfully submit that the alleged disparity in cost of production in favor of German manufacturers is not existing; that the prosperity of the American decalcomanias industry is not in danger; and that due consideration of the testimony furnished by the ceramic decalcomanias importers will conclusively prove that the rates of duty as fixed in the House bill (H. R. 2667) are unwarranted and can not be justified and that our request for the retention of the rates of duty in the tariff act of 1922 should be granted.

Respectfully submitted.

THE DECAL PRODUCTS CO.,
ALFRED DUHOSSON, *President*.

MAPS AND CHARTS

[Par. 1410]

SUPPLEMENTAL BRIEF OF M. J. STANTON, CHICAGO, ILL., REPRESENTING MAP ENGRAVERS AND PUBLISHERS

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

WHY AMERICAN PUBLISHERS HAVE MAPS MADE IN EUROPE

American publishers have their maps made in Europe for just one reason only, and that is that by reason of the low wage scales prevailing there they can have them made much cheaper than in the United States. Quality has nothing whatever to do with it. The Rand McNally atlas is superior in every feature in which Mr. Goldsby who wrote the Appleton brief claims worth for the Appleton atlas. He must not have made a comparison of the atlases and must have overlooked the fact that both of the atlases are before you.

Appleton & Co. misconceives the reason why its book was introduced in evidence at this tariff request. We American map makers have known for some time that American publishers were having their maps made in Europe. The Appleton atlas and the clipping from the United States Daily referring to Dennoyer Geppert Co. were introduced for the purpose of showing you that this was being done.

Appleton & Co. is one of the many publishers in the United States that do not own their own printing or engraving plants. They do not employ American printers and American engravers, but contract their work out and therefore they desire to have a condition as near free trade as Congress will give them. They are not interested in the welfare of the American worker in the map making and printing trades. They would rather spend their money in Europe so that the child of the jobless father in the United States may have cheaper publications.

AMERICAN PUBLIC NOT MAP CONSCIOUS

The American public is not as yet map conscious. They do not as yet look for excellence of engraving. We are striving to educate the public in this matter. At the present time price is the controlling factor, and it is no mere coincidence that the Appleton atlas has 96 map pages. They needed 96 pages because the Rand McNally atlas contained 96 pages and therefore it was easier to persuade the public that they were getting the same content as the Rand McNally atlas at a saving of 50 cents.

MAP WORKERS ESSENTIAL TO NATIONAL DEFENSE

We agree with the Appleton brief that quality of work should not be the criterion on which tariff duties should be fixed. We have shown in our brief to the Ways and Means Committee, pages 7114 and 7122, House hearings, that map workers are essential to national defense, and therefore the industry should be fostered; that unless a compensatory tariff was placed upon foreign-made maps the American map makers would have to have their maps made in Europe. The Appleton atlas was, however, so inferior in its technical make-up and engraving that we called your attention to the superiority of the American product for the purpose of showing that the tariff was not necessary to create an industry but to sustain one well advanced in the art.

DIFFERENCE IN WAGE SCALES IS THE SOLE REASON FOR REQUESTING AN INCREASE IN TARIFF

It is true that the American map makers' request for an increase in tariff is based solely on the difference in wage scales, and the Appleton brief is only further evidence that such difference exists. The British map maker in his quoted letter referring to the wage scales furnished by Consul General Halstead says: "They may be average or minimum trade-union wages for commercial work." He claims, however, that his scales are higher and quotes same. He is undoubtedly including his executive salaries in his table. He lists cartographers at \$50 to \$120 per week. No ordinary working cartographer receives \$120 per week in the United States, and we are therefore certain that he does not in Great Britain. In its brief Rand McNally & Co. did not include chief cartographers or executives in its comparative statement but did show in a separate sentence, page 7114 House hearings, that, in addition to Doctor Goode, they did employ three chief cartographers, each of whom received a salary in excess of \$6,000 per annum, and that Doctor Goode was paid a salary and royalties. Had these salaries been averaged in the comparative statement it would have made the disparity in wages greater than shown. Even admitting the scales given by the British map maker and taking out the \$120 item the wages paid by him are only half the wages paid here, which we assume from his statement are the maximum wages paid in Great Britain. According to him his time costs should be as great as Rand McNally's, yet he sold, and presumably at a profit, the set of 96 map pages for \$0.6242 per set f. o. b. London, while Rand McNally's set cost them \$1.28 f. o. b. Chicago, which does not include the creative cost but only 10 per cent thereof to cover interest and depreciation.

How about the Berlin, Stockholm, and Edinburgh wage scales? Appleton has not shown that the wage scales given in Rand McNally & Co.'s brief for Berlin, Edinburgh, and Stockholm are not as stated, yet Mr. Goldsby has had plenty of time in which to investigate. By their silence they admit the truth of these wage scales. The United States is an importer of maps from these and other European cities where the wage scales are even lower.

COSTS OF DRAWINGS AND PLATES

In the brief to the Ways and Means Committee, pages 7114 and 7122, creative costs were given to make certain maps. We did not separate the capital cost in the items of drawing and plate cost. In order that you may have some information in this respect we are giving you herewith tabulation of the Rand McNally & Co. costs on the following Rand McNally maps, to wit:

Title of map	Plate size (square inches)	Drawing cost	Plate cost, including drawing ¹	Drawing cost per square inch	Cost of plate, including drawing, per square inch	Number of impressions necessary to print map
Goode Homolosine World.....	2,816	\$5,391.57	\$13,714.12	\$1.91½	\$4.87	11
Standard Texas.....	841½	3,249.86	9,414.51	3.86	11.16	7
Standard Colorado.....	484½	2,718.24	5,187.75	5.61	10.70	7
Central Europe.....	237½	1,110.45	2,820.34	4.67½	11.87	4
Asia.....	112½	395.40	1,272.62	3.51½	11.31	4
				5)19.57½	49.91
Average United States cost of above maps.....				3.92	9.98
On basis of wages 50 per cent of the United States scales, average London cost of above maps ²				1.96	4.99
Amount of duty necessary to equalize the London costs.....				1.96	4.99
Amount of specific duty per square inch to give 50 per cent protection as against London.....				1.00	2.50

¹ The making of drawings and plates is all handwork. No mass production is possible.

² The Edinburgh cost is lower, and the Berlin and Stockholm costs are about 33¼ of the United States scales.

RATES OF DUTY NECESSARY TO ENABLE AMERICAN MAP MAKERS TO CARRY ON

An adequate ad valorem rate on completed maps may be a sufficient protection but because of the difficulty in securing the proper cost on plates and drawings we recommend that a specific duty be placed on drawings and plates. In the present tariff act we can not find that any duty whatsoever has been imposed upon map drawings. We suggest the following amendments to H. R. 2067:

In paragraph 341, after the words "ad valorem," in the last line, add the following: "map and chart plates of whatever material made, \$2.50 per square inch."

In paragraph 1410, in line 5, after the word "matter," insert the following: "except map and chart books or sheets." In line 9, strike out the words "maps and charts" and after the semicolon following the words "ad valorem" insert the following "map and chart books or sheets, maps, and charts, 75 per cent ad valorem."

To equalize the cost on plans and drawings for the reproduction of maps and charts add the following paragraph to Schedule 15, sundries:

"Plans and drawings for the production of maps and charts or any photographic or black and white reproduction of a plan, drawing, map, or chart intended to be used as a means for the production of maps and charts, \$1 per square inch."

AMERICAN-MADE MAPS ARE SUPERIOR

While the Rand McNally atlas was submitted only to show that American publishers will have their work done outside of the United States if they can have it done cheaper, we feel that since its quality has been questioned it is only just to the American product that we show that the criticisms are not based upon the facts. We submitted the comparison of the Great Britain map as evidence of quality of engraving and not as a geographical comparison. We were showing the skill of the American engraver over that of the British engraver. Mr. Goldsby in his brief admits the truth of our statements but tries to avoid them by showing that they have sectional maps. This is not the issue. The issue is which is the finer engraving. The Rand McNally map is not crowded and is legible. The Appleton map is crowded and illegible, yet the Rand McNally map has much more information on it. Mr. McConnell, the editor of the Appleton atlas, was familiar with the legibility of American-made maps so that he felt obliged to apologize for the hopeless jumble of the Appleton maps. We quote the following from page 7 of the preface to the Appleton atlas:

"The omission of many of the names in the atlas might have improved the appearance of the maps and rendered them more graphic. Practical purposes, however, had to be borne in mind and an atlas with a scanty supply of names would hardly have met the requirements of teachers and students."

Every name on the Rand McNally atlas can be read without difficulty, while the Appleton atlas is read with difficulty. In this connection we ask you to compare the maps of northeastern United States, page 45, Rand McNally atlas, and page 23, Appleton atlas. Look at the Appleton map of the State of Massachusetts, try to read the names on this map at a distance of 14 inches from the eye, and then look at the Rand McNally map and give it the same test. Every name on the Rand McNally map can be read at this distance, while it is difficult, if no impossible, to read the Appleton map without a magnifying glass. These comparisons justify the statement made by Doctor Goode in his preface to the Rand McNally atlas, as follows:

"While the highest virtue of any maps is accuracy, legibility is almost equally important, for if the most accurate of maps can not be read its accuracy is of no avail. In so far as any data upon a map can not be deciphered, in just that measure is the map cumbered with useless material and is a failure. Notice that these atlas maps are not burdened with detail; they are simple. The great facts stand out clearly. Rather than have one map overloaded with a great range of data, many maps are included, each map carrying one class of data, thus keeping the maps simple and readable. Aids to legibility have been studied. Choice of color, thickness of line, and style and size of type face—all have been made to contribute to legibility."

Doctor Goode achieved what he set out to achieve.

The Appleton atlas may be copper engraved. If it is, it is the poorest copper engraving that we have ever seen, and certainly you will agree with us that the wax engraving process as demonstrated in the Rand McNally atlas is much superior to this style of copper engraving. The kind of copper engraving Colonel Tufts was talking about is the copper engraving done by our Government departments, which is so superior to the Appleton product that the Appleton product is not comparable with it.

SUPERIORITY OF THE RAND McNALLY ATLAS PEDAGOGICALLY FOR AMERICAN SCHOOLS

The economic and commercial maps in the Rand McNally atlas are scattered throughout the book. They are an integral part of the Rand McNally atlas and not an appendage to a British atlas, as in the Appleton atlas.

The fact that the Appleton atlas contains separate maps of England, Ireland, and Scotland on a scale twice as large as any United States map stamps it as a British product and that it is made primarily for the schools of Great Britain and not for the schools of the United States. The Rand McNally atlas by placing on its map of Great Britain more information than the Appleton atlas gave in this one map all the information desirable for American students.

Dr. Paul J. Goode, professor of geography, Chicago University, is without question the dean of American cartographers and one of the outstanding authorities on geography in the world. He is the author and cartographer for the Rand McNally atlas. Without further statement this would establish the superiority of the Rand McNally atlas over the Appleton atlas for American schools. Mr. Goldsby alleges that the Appleton atlas is superior in the following features:

1. Greater clearness and legibility of lettering.

In this respect the Rand McNally atlas is admitted to be superior by Appleton's own editor, as shown by excerpt from preface Appleton atlas, as hereinbefore quoted; also by Mr. Goldsby in his reference to the maps of Great Britain. This fact will also be evident to you by the most cursory examination of the atlases.

2. More systematic use of comparative scales and of comparative method of presenting geographical facts especially in the choice of natural geographic areas on individual maps.

We do not understand what Mr. Goldsby is driving at in this criticism. Rand McNally & Co. has made the four great land masses of Eurasia, North America, South America, and Africa directly comparable by mapping them on the same scales, while Appleton & Co. uses various scales. Why does Appleton show separate maps of England, Ireland, and Scotland on a scale twice as large as any United States map? These are not natural geographic areas, neither is Switzerland, which is on a larger scale, nor Palestine, a British mandate, which is on the same scale as Switzerland. These maps stamp the Appleton book as a British product. We, however, reply to his specific criticisms as follows:

(a) *Central Europe*.—The Rand McNally map is historically and politically central Europe and not the northern half of it, as given in the Appleton map.

It was necessary to show a substantial portion of Italy on this map, because from Rome across the Alpine passes Mediterranean civilization made its way to northern Europe.

(b) *The Balkan Peninsula.*—The Balkan Peninsula on the same scale as central Europe, on page 72, could hardly be mapped without showing Bulgaria complete. This map, as do all the European sections in Rand McNally atlas, maps the Balkan territory to an extent best suited to American school study and at a scale far superior for school utility.

(c) *Southwest Asia.*—Southwest Asia, pages 84 and 85, Rand McNally atlas. Doctor Goode has passed from Europe to Asia, but has not yet reached Africa therefore does not show the Nile Valley on this map, which is sound pedagogy. The relationship of this section to the Nile Valley is shown, however, in the Delta of the Nile. The Appleton map of this region, pages 66 and 67, includes the Nile Valley but does not include India. India, however, as a British possession, is given a page to itself. The Nile Valley is shown in southwest Asia because it also is under the influence of England.

NOTE.—As we compare these maps, notice the hopeless jumble of color and type and physical feature of the Appleton maps and the clearness and legibility of the Rand McNally maps.

3. Mr. Goldsby says lastly that Dr. Goode shows valueless(?) bits like Shantung and the Yangtse Kiang region of China. These valueless bits contain the cities of Pekin, Tientsin, Tsinan, Weihawei, Port Arthur, Tsingtao, Hankow, Wuchang, Nanking, Soochow, and Shanghai. Appleton shows the Yangtse Kiang region on page 71 which indicates that it does not regard this as being a valueless bit of territory.

That Dr. Goode has mapped the greatest industrial regions of the United States only on the same scale in which the European sections are mapped is a case of sound judgment influenced on the one hand by the limitations in the size of his atlas and on the other hand by the fact that the less important sections, industrially of the United States are shown with sufficient prominence for school use in the complete map of the United States.

Mr. Goldsby in his brief says that the scheme for an American atlas was worked out before the publication of the Rand-McNally Atlas. The Rand-McNally Atlas was published in 1923. Appleton was not published until 1928, an extraordinary delay.

CAPITAL COST

Our estimate of Appleton's capital cost was based on difference in wage scales. This information is within the knowledge of the British map maker who could have informed Mr. Goldsby so that he might have given us the facts in his brief. Calling our estimate bunk does not come with good grace from him.

It is respectfully submitted that by every principle of United States tariff making we have brought our case within the realm where relief should be granted. We are a competent industry. We are an essential industry.

The industry can not thrive unless the tariff is substantially increased so that at least 50 per cent protection is secured.

M. J. STANTON,

Representing the following map makers: Rand McNally & Co., Chicago, Ill.; Poole Bros. (Inc.), Chicago, Ill.; C. S. Hammond & Co., Brooklyn, N. Y.; J. W. Clement Co., Buffalo, N. Y.; Redfield, Downey Odell Co., New York City; Williams Engraving Co., New York City; Poates Corporation, New York City; General Drafting Co., New York City.

PAPER TUBES

[Par. 1413]

BRIEF OF F. A. CHASE & CO., PROVIDENCE, R. I.

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.:

Frederic L. Chase, of Providence, R. I., representing F. A. Chase & Co., of Providence, R. I., and a number of manufacturers of textile paper tubes of this country, respectfully petitions your honorable body for the insertion in paragraph

1313, paper schedule, of the clause, "Paper tubes, tapered, 10 cents per pound and 35 per cent ad valorem; parallel tubes, 5 cents per pound and 35 per cent ad valorem."

Paper tubes produced by your petitioners are used by the textile industry in the winding and spinning of cotton, silk, rayon, worsted and woolen yarns, and it is the dependence of the textile industry upon this related paper-tube industry that constitutes the real measure of its importance.

These tubes are divided into two general classes, tapered tubes and parallel tubes, and are now dutiable as manufactures of paper not specifically provided for at 35 per cent ad valorem under paragraph 1313 in the tariff act of 1922.

Tapered tubes constitute 85 per cent of the total used in the textile industry and are, therefore, the most important of the group.

Under normal conditions the major domestic producers in this industry have an estimated approximate production of 800,000,000 textile tapered paper tubes per annum.

Our industry is of substantial size and represents a considerable investment. And while it is principally located in New England, there are other plants producing similar products located in South Carolina, Pennsylvania, and New Jersey. It uses highly trained labor and machinery of the most modern design, and we believe the quality of our tubes to be at least equal to the best grades of tubes made in any foreign country.

We have in recent years encountered very severe competition from foreign tube manufacturers. The principal importations into this country are from Germany and France, and latterly Czechoslovakia. Due to very low costs of production in material and labor, foreign manufacturers have been and are underselling us, with the resultant loss of business to ourselves which has now assumed serious proportions and threatens the stability of the textile paper-tube industry in this country.

Owing to a lack of classification in the present tariff act, it is impossible to state the amount exactly, either in quantity, quality, or value, of the present importations, but they have increased seriously in recent years, with a consequent loss of business to your petitioners.

American production.—Taking the years 1925 and 1926, the average production of four important manufacturers was as follows:

	Value
Tapered tubes, 3,381,760 pounds.....	\$1, 243, 851
Parallel tubes, 46,979,829 tubes.....	204, 805

In addition, there should be added the output of the several other plants producing similar lines of tubes, situated in South Carolina, Pennsylvania, and New Jersey, which we are unable to state.

Foreign wages.—We submit the following wage scale of a very large tube maker in Continental Europe as of January, 1929, and which appears to be a typical example of the wages paid abroad for labor in tube making establishments:

	Per hour
Machine setters and machinists.....	\$0. 161
Grinders.....	. 118
Laborers.....	. 112
Corrugators and polishers.....	. 0907
Machine tenders.....	. 096

The above scale in comparison with the equivalent American labor shows our own labor costs to be approximately four times the labor costs in European factories.

Comparative foreign and American prices.—Your attention is respectfully invited to the fact that based on foreign selling prices these competitive foreign tubes can be imported into the United States under the present inadequate tariff law, including ocean transportation and packing charges, at an average of 15 cents per pound. This compares with an average cost of production of your petitioners of 25½ cents per pound.

Exhibit A is compiled from actual figures showing selling prices of several foreign textile paper tube manufacturers located in France. The items chosen, though few in number, in our opinion, represent the classifications covering the bulk of importations and are those commonly used in the textile industry in the United States.

Your attention is respectfully invited to the fact that the average selling price in France of these competitive textile paper tubes is but 10 cents (\$0.1007) per pound. Ocean transportation and packing costs will add about 1½ cents (\$0.015) per pound, making a total cost of 11½ cents (\$0.1157).

This price of 11½ cents per pound, which is based on foreign selling prices and not cost of manufacture, compares with your petitioners' average cost of production under normal conditions of 25½ cents per pound (\$0.2558).

It is, therefore, concluded that the proposed specific duty of 10 cents per pound and an ad valorem duty of 35 per cent, which would give an imported price (based on present foreign selling prices) of 25 cents (\$0.2510) per pound, including packing and ocean transportation costs is reasonable, justifiable, and necessary under the facts.

Your petitioners, therefore, respectfully ask due consideration of your honorable committee and the granting of our petition, requesting the enactment of a clause duly classifying paper tubes as such and reading "paper tubes, tapered, 10 cents per pound and 35 per cent ad valorem: Parallel tubes, 5 cents per pound and 35 per cent ad valorem."

Respectfully submitted.

F. A. CHASE & Co.,
Providence, R. I.
By FREDERIC L. CHASE, Owner.

EXHIBIT A

Prices of paper tubes

Description	Francs per kilo	Cents per pound	Duty ¹	Total
EASTERN FRANCE				
Plain.....	3.70	0.0656	0.0229	0.0885
Corrugated.....	4.40	.0741	.0210	.1004
Light-weight worsted, plain.....	3.35	.0639	.0223	.0862
Light-weight corrugated.....	4.05	.0682	.0238	.0920
Treated, plain.....	6.50	.1153	.0403	.1556
Treated, corrugated.....	7.00	.1241	.0434	.1675
NORTHERN FRANCE				
Plain.....	5.60	.0993	.0347	.1340
Corrugated (4 grams or under).....	7.10	.1259	.0440	.1699
Treated:				
Plain.....	7.25	.1285	.0449	.1734
Corrugated.....	8.00	.1418	.0496	.1914

¹ Ad valorem duty of 35 per cent under tariff act of 1922.

Average per pound, 0.1007 cent.

Average per pound plus duty, 0.1358 cent.

Plus ocean transportation and cost of case, 0.1508 cent.

Exchange rate, \$0.0391 per franc.

DISTRICT OF COLUMBIA,
City of Washington:

Subscribed and sworn to before me this July 10, 1929.

[S1 AL.]

JOHN G. SIMS, Notary Public.

CORRECTION OF RECORD

LETTER FROM THE SMITH PAPER CO., LEE, MASS.

August 8, 1929.

Senator REED SMOOT,

Chairman Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: On page 33 of the transcript of hearings before the subcommittee on papers and books of the Committee on Finance there appears in the testimony of Mr. Frank Scott, representing the radio manufacturers, what purports to be a telegram from the Smith Paper Co. to the Moser Paper Co., of Chicago.

This company wishes to formally protest against the admission of this telegram, as a careful examination of our files shows that no such statement as that introduced has been made either by letter or telegram. Further, we have a letter from Moser Paper Co. confirming this, in answer to our protest to them on receipt of the transcript of the hearing.

Our telegram of June 11 was as follows:

"Regret unable give you information requested. Have not heard of any considerable change in tariff on condenser paper being proposed. Believe domestic mills will be in position to meet normal increased requirements."

This company will present this statement in a sworn affidavit, or a representative will appear before your committee with the original office copies of the correspondence in question, to verify our claim that the telegram quoted by Mr. Scott is spurious.

Yours very truly,

THE SMITH PAPER COMPANY.
By N. H. BUSEY, jr.

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